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# ***Daily Report***

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## **East Europe**

FBIS-EEU-94-066  
Wednesday  
6 April 1994

# Daily Report

## East Europe

FBIS-EEU-94-066

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6 April 1994

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**Former Prime Minister Sentenced to 12 Years**

*AU0304153394 Paris AFP in English 1442 GMT  
3 Apr 94*

[Text] Tirana, April 3 (AFP)—Former Albanian Prime Minister Fatos Nano was sent to jail for 12 years Sunday [3 April] for embezzling about seven million dollars in Italian humanitarian aid and forgery of official documents. Under Albanian law, Nano faced a maximum 25-year prison term or capital punishment.

Nano, 42, refused to make any statements or answer questions during the trial which he said was political. Bashkim Zeneli, spokesman for Nano's former communist Socialist Party, said the sentence was "the most serious violation of democracy and opposition rights in Albania." The Socialists would fight for Nano's release, he said, adding that Nano would continue to be party leader even while in prison.

The ruling Democratic Party said Nano's activities had to be judged in court. Nano who was arrested in July last year was prime minister in February-June 1991.

The court heard 51 witnesses including former Communist Party officials Ramiz Alia and Adil Carcani during the trial.

Several co-defendants arrested on charges of graft were sentenced to lesser prison terms. Sokrat Plaka, a former deputy foreign minister, was given a one-year suspended sentence because of bad health, Robert Gjimi, a former deputy food minister, was jailed for three years and humanitarian aid expert Hasan Hallkja for one year.

Nexhmije Hoxha, the widow of Albania's post-war communist leader, was jailed for 11 years late last year. A warrant for the arrest of Alben Alia, the son of the former communist leader, has also been issued.

**Serreqi, FYROM Envoy Hold Border Talks**

*AU0504202794 Tirana TVSH Television Network in  
Albanian 1800 GMT 5 Apr 94*

[Text] According to the ALBANIAN TELEGRAPHIC AGENCY, Albania and The Former Yugoslav Republic of Macedonia [FYROM] are holding negotiations to reach an agreement on the border regime between both countries. This was confirmed today in the meeting between Deputy Foreign Minister Arian Starova and Nikola Todorcevski, FYROM ambassador to our country, at the latter's request. The talks also focused on the question of the population census to be held in Macedonia.

**Dimitrov, Savov Meet With VMRO Leader**

AU0404194794 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 4 Apr 94

[Text] Ljupco Georgievski, leader of the Internal Macedonian Revolutionary Organization [VMRO]-Democratic Party for Macedonian National Unity, who is visiting Bulgaria, had a meeting with Filip Dimitrov and Stefan Savov, leaders of the National Coordinating Council and the parliamentary faction of the Union of Democratic Forces [SDS], respectively.

Ljupco Georgievski expressed satisfaction with and gratitude for the consistent position of the SDS on asserting the independence of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] in the international arena.

The common position of the participants in the meeting, against the background of the recent Greek actions regarding Macedonia, was that the balance in the Balkans must be preserved by all means.

**Georgian Delegation Delivers Shevardnadze Note**

AU0404135894 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 4 Apr 94

[Text] Mikhail Ukleba, first deputy minister of foreign affairs for Georgia, met with Yordan Shkolagerski, deputy chairman of the National Assembly, and Foreign Minister Stanislav Daskalov on 4 April.

After talks with Deputy Foreign Minister Dimitur Ikononov at the Ministry of Foreign Affairs, a cooperation protocol will be signed.

Experts are also working on a specific document which will regulate the trade and economic relations between the two countries. One of the goals of Ukleba's visit is to discuss issues related to the work of the Black Sea Economic Cooperation Zone.

Ukleba conveyed a message from Georgian President Eduard Shevardnadze to Bulgarian President Zhelyu Zhelev which points out that we must strengthen and expand our relations in all directions.

**Videnov's Attitude Toward Zhelev Criticized**

AU0604101694 Sofia KONTINENT in Bulgarian 4 Apr 94 p 8

[Georgi Asyov commentary: "Again Traitor"]

[Text] Zhan Videnov has again accused Zhelev of all kinds of sins, including high treason. Indeed, this is not a very original claim, since after all it was the Bulgarian Socialist Party [BSP] and its satellites in the Fatherland Labor Party who announced that Zhelev was traitor of the year in 1992. Even this was not very original. Similar accusations against Zhelev had been leveled even before the Vulkanov-Vodenicharov presidential election campaign. Zhelev had already been declared a traitor in the summer of 1989, so it could be said that the BSP is fully utilizing the experience of Mr. Zhivkov himself.

There is nothing surprising in the accusations of the BSP leader. After all, the Presidency is the only institution in Bulgaria that functions to a certain extent, and its destabilization remains a strategic goal of the party, which still has members who participated in the 1963 and 1973 plenums, which wanted to turn us into the 16th USSR republic.

Videnov, and not only he, should abandon once and for all these efforts to silence the president. The right to express his opinions on various matters is not only a part of his presidential prerogative, it simply is a human right that every citizen of a democratic state has. If Zhelev is denied this right, the turn of Videnov and all the rest will come soon.

Indeed the BSP should finally understand that the existence of an anticommunist president has its good sides. It was the Union of Democratic Forces [SDS] that proved that Zhelev was responsible for all the evils in this world—from the "Sliver" Plan [infiltrating the SDS with former communist agents] to increasing the price of electricity, and from the ozone hole above the Atlantic to the lack of fish in the rivers. If Zhelev did not exist, how could the BSP and all the rest account for their own blunders?

**Parliament, Israeli Knesset Members Hold Talks**

*LD0504152594 Prague Radiozurnal Radio Network in Czech 1400 GMT 5 Apr 94*

[Text] Representatives of the Israeli Knesset and the Paramilitary and Security Committee of our Chamber of Deputies had talks in Prague today on parliamentary control of intelligence services.

According to the chairman of the Israeli committee, the Knesset is informed every month about the activity of the Israeli intelligence service Mossad. The guests were also interested in the change of the structure of our Army. Chairman of the Committee Vladimir Suman said about this, among other things, that the reason for the existence of the Czech Army is the uncertain development in the countries of the former USSR, organized crime, and aggressive nationalism, especially on the territory of the former Yugoslavia.

**CR To Participate in Work of COCOM Successor**

*AU0604095994 Prague HOSPODARSKE NOVINY in Czech 1 Apr 94 p 1*

[Article by Milos Sklenka: "COCOM as a Symbol of Confrontation Has Ceased To Exist"]

[Excerpt] The Coordinating Committee for Multilateral Export Controls, known as COCOM, was dissolved with final validity yesterday. This happened on the basis of a decision by all 17 member states of this international institution, made at The Hague in the Netherlands last November and confirmed in Amsterdam on Wednesday [30 March].

A new organization to replace COCOM is to be set up in the very near future. It should no longer be open only to advanced Western countries but also to many states of Central and East Europe and the Third World.

"The Czech Republic [CR] is interested in participating actively in the work of the COCOM successor organization," Bretislav Gregr, director of the Special Materials Department operating under the Licensing Administration of the Ministry of Industry and Trade of the CR, told HOSPODARSKE NOVINY yesterday. As Gregr went on to say, our government is already engaged in a number of negotiations in this matter. According to Gregr, the termination of COCOM's existence definitely does not mean the abolition of [export] control regimes in industrially advanced countries. It means only the abolition of the existing institutional structure of this organization. [passage omitted]

The new organization, the establishment of which is foreseen for the beginning of next year, should associate all the member countries of the former COCOM, plus Austria, Ireland, New Zealand, and Switzerland. The admission of additional states, including Russia, China, the CR, Slovakia, Hungary, and Poland, is planned in the future.

According to representatives of the former COCOM, the speed of the integration of these states will depend on the progress of their domestic legislation, which must provide safeguards against advanced Western technologies being misused. In contrast to COCOM practices, one no longer counts on the drafting of lists with embargoed goods or banned export territories.

**Klaus on Delay of Koruna Convertibility**

*AU0504160194 Prague LIDOVE NOVINY in Czech 5 Apr 94 pp 1, 3*

[Article by Prime Minister Vaclav Klaus: "A Few Words About the Convertibility of the Czech Koruna"]

[Text] The convertibility of the Czech koruna has become one of the most topical political issues in the past few weeks. This topic has appeared rather unexpectedly, and, according to our habits acquired in the post-November era, it has become a political topic.

Its real content has evaporated, and a completely wrong and misleading political viewpoint has been created instead: Whoever is in favor of full convertibility is a liberal—that is, a proreformist politician—and whoever is asking what is the proper moment and manner of the introduction of full convertibility and who warns against simplification is a politician who has abandoned his liberal faith and has become someone who is curbing the progress.

I would like to show that the convertibility problem is not so simple. I am not going to present delicate textbook definitions regarding the convertibility of currency. Neither am I going to deal with the problem that is irrelevant to our discussion today—that is, should the yearly limit on foreign currency purchases by Czech citizens be increased or lifted altogether? This is a completely different matter.

I believe that no one who has been engaged in this discussion is questioning the fact that it is economically advantageous to have:

- an independent and autonomous monetary policy that respects economic objectives;
- a fixed currency exchange rate, which is a starting point for making our economy strong and that is also a comprehensible signal to all domestic and foreign economic entities as regards our economic policy in the future;
- a liberal flow of international capital (that is, the koruna's full convertibility), which would complete our integration into the world economy, and which is a transformation step to follow after the koruna's "internal convertibility" was introduced and foreign trade flows liberalized on 1 January 1991.

It is not a problem to achieve one of the three goals—or two at a time—but the problem is to achieve all three simultaneously. M. Goldstein and J.A. Frenkel said in

their influential article in 1988: "The best thing to do is to achieve two of the three objectives. When there is a debate about monetary reform, the issue always is which of the two objectives should be opted for." I would be very happy if we discussed this problem rationally in our country right now.

From my viewpoint, I would like to say the following on this subject:

There are countries whose specific situation makes them indifferent toward the loss of the autonomy of their monetary policy. They are countries that are not undergoing any specific moment in their economic development. They are sorting out only "current and normal" problems, and, because of that, they can take the same course of action as their neighbors or their main economic partners. It is a paradox that not only countries of this type are willing to accept the loss of independence of their monetary policy, but also some politically unstable countries that do not have the courage to push for a tough and much-needed economic policy are willing to accept this loss. They believe that it is all right if the rest of the world, or an important neighboring country, gives discipline and toughness to their policy. (Certain countries participating in the European Monetary System could serve as an example.) I am fully convinced that the Czech Republic does not need to give up the autonomy of its monetary policy.

The unique economic transformation in our country is based on the koruna's fixed conversion rate and pinning all the price-affecting factors to a fixed exchange rate (while the prices are still oscillating toward final values). The consequence of our economic transformation is a fundamental restructuring of our entire economy and a significant movement of prices toward more balanced levels (for 40 years, prices have been kept at irrationally established and completely erroneous levels). To give up the fixed exchange rate would be unwise and unnecessary at the moment. The disadvantages would outweigh the advantages.

I would like to add one more thing. In Western countries, domestic prices are very rigid (that is, inflexible). There are various reasons for that (the oligopoly structure, excessive state interventionism, and faulty social policy). The flexibility of the currency exchange rate is a mechanism reducing the inflexibility of the domestic price structures. In our country, we do not have to do anything like that because our domestic prices are still in the adjustment phase and are still flexible enough. On the contrary, because their movement is dependent on many conditions, they need a fixed point, such as the exchange rate.

Despite the fact that our objective is to continue liberalizing external economic relations, proceed with the deregulation of the financial flows, and attain a higher degree of external convertibility (according to the definitions of the International Monetary Fund Charter, we will be able to achieve the lower degree of "full" convertibility—that is, full convertibility of the current

account of the balance of payment), it seems advantageous for the time being to opt for the first two of the three hardly compatible objectives and make them a short-term (or medium-term) priority.

#### Ministry To Specify Orders for Arms Industry

AU0604081794 Prague HOSPODARSKE NOVINY in Czech 1 Apr 94 p 1

[Article by "tk, CTK": "Ministry of Defense Will Prepare Concept of Orders for Arms Manufacturers"]

[Text] Prague—The Ministry of Defense is to draw up within six months a basic concept concerning future long-term state orders for the arms industry, Prime Minister Vaclav Klaus told journalists after the conclusion of a consultative meeting of ministers yesterday, which was devoted to the state's relationship with the arms industry. In its proposal, the Ministry of Defense will determine which long-term orders directly affect the country's ability to defend itself. The state will then focus mainly on this area, and the arms-industry's chances of obtaining such orders will look more promising, Vaclav Klaus declared. The second group of arms-industry items will be defined less precisely, and the state's long-term approach to it will be much looser.

The state will not organize the export of arms production, the prime minister declared further. It will only carefully monitor the fairness of economic competition and compliance with legislative regulations concerning production and exports.

Defense Minister Antonin Baudys said that, once the program for the Czech Army's reequipment has been drawn up, talks will be initiated with Czech firms that will be able to participate in the Army's reequipment. The process of reequipment will last up to 10 years, according to Baudys.

The Army's reequipment would bring long-term state orders for a number of companies. As early as the late 1980's, for example, the Ceska Zbrojovka [Czech Arms Factory] company in Uhersky Brod started to develop a set of new-generation small arms called Lada. The technical development and testing of the weapon have been wound up, and the company is waiting only for a state order. As representatives of Ceska Zbrojovka told HOSPODARSKE NOVINY, after the acquisition of the order, the technical preparation for the production of the Lada set will require three more years and investments of approximately 500 million korunas [Kc]. A state order would be worthwhile for the Uhersky Brod arms factory and would also expand its export potential. The company does not need it in order to survive, however. It exports about 66 percent of its present production to 46 states all over the world. The biggest importers of its products are customers in Austria, the FRG, and the United States. The aggregate revenues of Ceska Zbrojovka Uhersky Brod a.s. reached Kc516 million last year. This year it expects to take in Kc900 million; the projected profit for this year is Kc105 million.

### SNS Chairman Discusses Current Issues

AU0604095494 Prague DENNI TELEGRAF in Czech  
1 Apr 94 p 5

[Interview with Jan Slota, chairman of the Slovak National Party, by Robert Casensky and Michal Musil in Bratislava; date not given: "Slovak National Party Chairman Jan Slota: 'Prague Is a Bastion of Dark Forces'"]

[Excerpts] [DENNI TELEGRAF] Do you believe that the Movement for a Democratic Slovakia [HZDS] will win the elections and Vladimir Meciar will return to power for the third time?

[Slota] The HZDS will achieve the largest percentage of votes, in my opinion. That is what I believe. I am convinced of this because, in the course of the past two weeks, I have taken part in several conferences in the east and south of Slovakia—in the Magyarized city of Filakovo, for example, where Slovaks represent 30 percent of the population. I think that my prediction that the Slovak National Party [SNS] would win between 15 and 18 percent of the vote is realistic. If we assume that the HZDS might reach approximately 30-35 percent of the vote, this would essentially mean the possibility of forming a majority [HZDS-SNS] government.

[DENNI TELEGRAF] Where lies the originality of your party that might have it attract 15 percent of voters, as you predict?

[Slota] The SNS is the oldest political party in Slovakia, with a tradition of over 130 years. From the very beginning, we have pursued the main programmatic goal of obtaining for Slovaks the rights of a state-forming nation, even though it was not a state-forming nation at the time. [passage omitted] We have achieved statehood and have a Slovak Republic, yet the rights of a state-forming nation have not yet been achieved, and the interests of Slovaks remain unfulfilled. We still cannot say that these interests are clear and comprehensible to the nation. This is because there still exist forces posing as representatives of this nation that, by their interests and their conduct, are seeking the exact opposite.

[DENNI TELEGRAF] How do you assess the dismissal of the former Meciar-led government and your subsequent transfer to the opposition?

[Slota] I would call it a normal putsch. It was a normal putsch staged by people who no longer had any business being in this parliament. They had betrayed their own parties and movements. They had betrayed their programs and voters. The voters did not vote for people but for programs. They voted for a program and for a party. Had these people in parliament been men of principle, they would have left parliament. But, instead of leaving, they staged a putsch. There was no political destabilization in Slovakia [as claimed by the then opposition]. They overstepped the borders that would bring about a stabilization of the situation.

It is self-evident in Western parliaments that a deputy who leaves his political party can only act as an independent deputy. On no account can he set up a new party because he did not receive anyone's mandate to do that. They represent only themselves. They do not represent any voters because, at the time of the elections, there did not exist any alliance or democrats [reference to Alliance of Democrats, set up by deputies who broke away from the HZDS]. Whom do they represent? No one. [passage omitted] We all speak about democracy and brandish the word in all its variations enough to make you sick. For example, who will ever remember that the French Government adopted a discriminatory language program that runs clearly counter to the Copenhagen [CSCE] agreements? No one criticizes that; it is completely in order. But, when the Slovaks want to enshrine some language as official, the world almost collapses and the globe almost begins to turn in the other direction.

[DENNI TELEGRAF] Why did Vladimir Meciar not obtain the necessary number of signatures for a referendum on excluding these "defectors" from parliament?

[Slota] We naturally accept that Michal Kovac is the head of the Slovak Republic. Nevertheless, I cannot help but say, in my capacity as deputy, that, when we discount various provocateurs who made deliberate mistakes, 350,000 out of the 420,000 signatures that had been collected were definitely legally valid. I daresay, however, that, even had there been 700,000 valid signatures, the president would have found some pretext not to call the referendum. I am convinced of that.

[DENNI TELEGRAF] Under the Constitution, however, the president must call a referendum when there are 300,000 [figure as published, correct figure is 350,000] signatures asking for one. In other words, one could almost speak about fraud in this case.

[Slota] You were the one who said that. I clearly said that he would have found a pretext.

[DENNI TELEGRAF] Speculations have appeared in the Czech press about attempts by the Czech Social Democratic Party to restore Czecho-Slovakia.

[Slota] I beg your pardon, these are utopian delusions. I personally think that the best thing for the Slovak and Czech nations would be to cooperate, but with everyone staying in his own backyard. [passage omitted]

[DENNI TELEGRAF] How do you personally assess the fact that, through the medium of the Party of the Democratic Left [SDL], former communists have returned to government after less than five years? The same thing has happened in Poland, and everything suggests that the situation in Hungary will not be too different.

[Slota] Look, I am known for being an anticommunist out of principle. Naturally, I am not pleased by this and regret very strongly that these "neocommunists" have regained power after such a short time. This is very

dangerous, also from the viewpoint that, if left-wing forces are victorious in Hungary as well, a left-oriented bloc would again come into being. I personally believe that this is one of the greatest dangers, not just for Slovakia but also for Central Europe as a whole.

[DENNI TELEGRAF] Shortly before the declaration of the Slovak state, you supposedly said that those who opposed the declaration of Slovakia's independence would be steamrollered and tried in court. Could you return to that statement, provided you actually made it?

[Slota] I said it in a completely different context. About two sentences were torn out of the interview. It was an instance of irresponsible work by journalists. I am convinced that they are paid by certain forces in the Czech Republic because Prague is a bastion of these forces, which always try to portray people with different opinions in such black colors. Unfortunately, one who gives such an interview and does not authorize it does not have a chance to comment on its text—for example, when he is abroad at the time of publication—so they portray him in such colors as their character and ethics permit. I can only add that I meant it figuratively when I said then that people opposed to Slovak statehood would be steamrollered. And the Public Against Violence [VPN] movement, which was a clear advocate of the Czechoslovak state from the very beginning, really has been steamrollered. What I said then in figurative terms has become a reality. As for the courts, I would really protest fundamentally against such a statement being attributed to me.

[DENNI TELEGRAF] Your unusual assessment of Mr. Zhirinovskiy has intrigued the public. Could you return to this issue and tell us whether the assessment that appeared in the press was not distorted? You have supposedly invited him to Slovakia.

[Slota] Because I am an honest person, I reply to every journalist. When I was asked directly my view of Zhirinovskiy, I replied: "He is an interesting man." And, because I am a dynamic person, they immediately started portraying Zhirinovskiy and me as good friends and such. In my entire life, I have never seen him with my own eyes, nor have I ever heard him with my own ears. I only know his picture from television and the commentaries about him. The only thing I have claimed is: Zhirinovskiy is an interesting man. The whole world writes about him. Were he not interesting, they would not write about him and would not show him on all of the television channels. Is he interesting, or is he not? In my opinion, he is. And I do not know what is wrong with saying that, whether my attitude toward him is positive or negative. As I have said already, I do not have any attitude toward him. That is all.

[DENNI TELEGRAF] And what about the invitation?

[Slota] I do not know of any invitation. If someone from Slovakia has invited him, I do not know about it.

[DENNI TELEGRAF] How do you assess current Slovak-Hungarian relations?

[Slota] Look, relations between Slovakia and Hungary should be, first and foremost, friendly. When these relations are unfriendly, it is to the detriment of both sides. Unfortunately, there exist certain forces—naturally, on the Hungarian side—that bring permanent pressure to bear on Slovakia, with their excessive demands. I was in Filakovo, and the Slovaks there are afraid. They represent 30 percent of the town's population and are afraid of saying anything critical about the Hungarians. They are afraid and frightened. It is abnormal for a member of the state-forming nation to be afraid on his own sovereign territory. It is absurd. Look, the Czechs had the very same problems [with the Sudeten Germans] in 1938, and they managed to cope with them. This is not to say that I agree with the system that was used. I disagree with it, of course, with the killing of the civilian population and all that. You know, everyone should therefore sweep his own doorstep first and only then criticize someone else. They deported 3.5 million people, and you are going to advise us on how to deal with the situation in southern Slovakia. This is not well intentioned, to put it moderately. The Benes decrees should definitely be abolished.

[DENNI TELEGRAF] So it is the existence of Benes that is a problem for you and, naturally, also for us?

[Slota] I personally believe, and have said so on a number of occasions, that speaking about Benes is a waste of time. He always had some plan [plan] and it was called airplane [aeroplan]. [sentence as published] The entire Czech nation had to pay dearly for this man.

[DENNI TELEGRAF] Slovakia, too?

[Slota] Of course, indirectly and by proxy, Slovakia had to pay, too. After all, he made it possible for the communists to seize power. Had he been a man of principle, developments might have taken a completely different course.

[DENNI TELEGRAF] A while ago you spoke about journalists who distort statements, and not just yours, and about your conviction that they receive their pay from certain circles. Could you be somewhat more specific?

[Slota] You are asking me something that you should be able to answer yourselves. Ask yourselves who is paying you.

[DENNI TELEGRAF] Thank you for the interview.

#### Views Planned Zhirinovskiy Visit

LD0504152794 Bratislava Rozhlasova Stanica  
Slovensko Network in Slovak 1000 GMT 5 Apr 94

[Excerpts] The quiet political scene last weekend was stirred a bit by the report that the Slovak National Party [SNS] deputy chairman Juraj Molnar delivered a speech

at the World Congress of Slav Orthodox and Christian Nations in Moscow. According to SNS chairman Jan Slota, Juraj Molnar left for Moscow as an observer with the consent of the party leadership but was not authorized to deliver any message. According to Jan Slota, the SNS did not establish any contacts with the Liberal Democratic Party of Russia and does not intend to do so in the future. Our correspondent Vladimir Lach tried to find out more about the whole affair. Jan Slota, chairman of the SNS, told him the following, among other things:

[Begin recording] [Slota] The leadership of the party did not know that a congress of the Liberal Democratic Party of Russia was being organized in Moscow, and, therefore, I will not comment on this; for me, it is completely unfounded. I also find the comments of Messrs. Bugar [Hungarian Christian Democratic Party chairman], Hag-yari [chairman of the Party of Conservative Democrats], Duris [Republican Party chairman], and Mrs. Borzova [deputy chairwoman of the Party of the Democratic Left], for example, totally inappropriate and stupid because they are not verified. For example, Mr. Bugar said that Juraj Molnar delivered a speech at the congress of the Liberal Democratic Party. The truth is that the deputy chairman was not even there. So I suggest that, before making any comments, people check whether the report is first true.

[Lach] Mr. Chairman, do you know the whole text of Mr. Molnar's message of greetings to the world congress?

[Slota] Molnar said altogether five sentences at the congress. He simply said that all of the Slav nations should unite, and, in particular, the small Slav nations should be protected by the Pan-Slavic group of nations. At the end, he said, of course, that, without great Russia, the Slav nation as such would not exist. I am convinced about this. [passage omitted]

[Lach] In this connection, I cannot resist asking about your opinion. It is known that Vladimir Zhirinovskiy should come for a private visit to Slovakia on 16-19 April. We know that many countries expelled him. What is your view about Mr. Zhirinovskiy's visit because there is talk that the SNS—now I will exaggerate—is responsible for it.

[Slota] All I can say about this is that it is just as new for me as it is for you that Mr. Zhirinovskiy is supposed to be here between 16 and 19 April. I can unequivocally say that neither our deputy chairman nor the SNS has anything to do with the visit. I do not know who invited him privately. I personally think that, because we are such a democratic country, as everyone keeps saying—at the moment we have the most democratic government ever—I do not see any reason that we should be taken aback by the fact that Mr. Zhirinovskiy will come for a private visit to Slovakia. It can happen, for instance, that, in democratic elections, Mr. Zhirinovskiy will be elected president of Russia. I am not quite sure whether,

if the new president wanted to visit Slovakia, we would be taken aback by that as well. I can only be surprised. [passage omitted]

### More Than 50% Approve of Meciar's Dismissal

AU0604084794 Bratislava PRAVDA in Slovak  
30 Mar 94 p 1

[Article by "ab": "What a Survey Showed"]

[Text] Bratislava—According to a representative public-opinion survey carried out by the Focus Agency—the Center for Social and Marketing Analysis—33.9 percent of respondents definitely agree with the dismissal of Prime Minister Vladimir Meciar. Between 16 and 23 March, 1,066 respondents were asked their view of the dismissal of Prime Minister Vladimir Meciar by the National Council of the Slovak Republic. Another 17.5 percent "rather agree," 16.4 percent "rather disagree," 24.3 percent "definitely disagree" with the dismissal, and 7.8 percent of respondents are unable to assess the situation. The Focus Agency made the results of the survey available to our editorial office yesterday.

### Commentary Questions Value of Early Elections

94CH0189A Prague RESPEKT in Czech 27 Feb  
94 pp 2-3

[Commentary by Peter Schutz: "For the Time Being, Meciar Stays"]

[Text] The government of Vladimir Meciar, which is criticized, damned, and cursed from all sides, can continue to govern Slovakia in a formal manner. However, it will be government in quotation marks. That is to say, last week, parliament, where the anti-Meciar opposition holds a majority, took a portion of power into its own hands. In other words, as of last week, Slovakia does not have a government that could fully carry out its functions. This somewhat bizarre situation came into being as the result of two "specifics" of Slovak politics—the absence of the term resignation in the political vocabulary of today's power elite, and the lack of readiness or, rather, the inability on the part of the opposition to take on the responsibility for directing the state. Its hesitation is more surprising because, in one breath and with unprecedented sharpness, it speaks of the "catastrophic consequences of Meciar's governing" and of the need to prevent "the further devastation of the country."

The political crisis began at the beginning of February, when the government coalition of the HZDS-SNS [Movement for a Democratic Slovakia—Slovak National Party] made use of a parliamentary filibuster to defeat discussion of an amendment of the law on large-scale privatization (the dispute involved the personnel connections between the executive and the National Property Fund). The coalition decided to take this step at the moment the Cernak faction within the SNS notified the coalition that it was canceling its allegiance and when this move resulted in balancing the ratio of forces within

the National Council at 75:75. However, as early as the subsequent termination of the meeting of delegates, it was clear that, as long as the ratio of forces did not change, there was the threat of the total paralysis of the legislative power. This was obviously realized by Josef Moravcik, minister of foreign affairs, and Roman Kovac, deputy prime minister, under whose patronage the Political Realism Alternative (Alternativa politického realismu) parliamentary faction came into being within the HZDS.

The parliamentary session that was resumed last week confirmed the new distribution of forces. The "Alternative" faction joined the opposition, and the delegates adopted the amendment in the form in which it was being asserted by the opposition. (In practice, this means sidelining the prime minister from the National Property Fund.) But the subsequent step—the fall of the Meciar cabinet—did not take place. The necessity to agree on a date for early elections (the coalition was proposing June, the opposition suggested November) turned out to be the prerequisite for the declaration of no confidence. And shortening election time through parliamentary maneuvering requires a three-fifths majority (90 votes), and even two attempts to put such a majority together failed (the first attempt fell short by 21 votes, the second by seven).

The fact that both the opposition and the coalition agree on the necessity for calling early elections and, at the same time, cannot agree on such a secondary matter as the date for these elections is somewhat absurd. Logically, the question thus arises as to whether the common desire for early elections may not be just a mere pacifier of sorts. It is clear that the dispute over "June versus November" is a pseudoproblem, at least from the side of the opposition. The argument that June is not a suitable date for elections because "the political scene must become crystallized so that the parties can prepare their programs" and that the "transitional government requires time to stabilize the country" is, on the face of it, a proclamation regarding the harmfulness of the continued functioning of Meciar, which is not trustworthy. After all, anyone who takes the words regarding the continuing "devastation of the country" seriously is attempting to remove the government from power as quickly as possible. Vladimir Meciar is correct when he says that the crisis needs to be resolved immediately. The problem of present-day Slovakia actually lies elsewhere than in the deadline for early elections. It lies in the fact that the opposition continues unable to agree on the most substantive matter—on the decision to resolve the situation by making a radical cut.

Today, the anti-Meciar opposition is divided approximately into three camps—the Party of the Democratic Left (SDL), the Hungarian parties, and the remainder around Carnogursky's KDĽ [Christian Democratic Movement]. Of course, the keys to further development are only in the hands of the Weiss former communist SDL. This party was the first to insist that a vote of no confidence in the government be preceded by a call for

early elections and is currently holding its opposition colleagues under tension through bilateral discussions with Meciar. Although Weiss is rejecting Meciar's coalition offers, this is amply sufficient for purposes of disintegrating the opposition. Even in the face of efforts to outwardly maintain the appearance of unity, Ivan Simko, deputy chairman of the KDĽ, precisely characterized this situation on Friday: "The situation is obtuse, particularly thanks to the fact that the SDL is gambling on all parties. And that is what is decisive at this moment."

As far as Meciar's tactics are concerned, his gamble on early elections is, at the present moment, relatively trustworthy. This week, he is beginning to collect signatures of citizens to a petition demanding the announcement of a referendum on early elections. In the tradition of his populism, however, he wants the referendum to include two additional items: Citizens are to decide to deprive those delegates who have changed their political uniforms since the election of their mandate and to compel adoption of a law proving the source of money involved in privatization. If Meciar collects the necessary 350,000 signatures—and this is a certainty—the president will have to announce a referendum involving all three of these topics within 30 days.

The Hamlet-type questions besetting present-day Slovakia thus lie elsewhere than in the date for early elections. Even in the face of everything that is occurring in the country, has the time already arrived for recalling the Meciar cabinet? And can early elections in the foreseeable future bring an actual alternative to the government of the HZDS to the leadership of the state; can these elections mean a true turnaround? Understandably, an unequivocal response to the first question does not exist. It does exist with respect to the second question: The answer is no.

Arguments for the end of the "broad-gauge" Meciar government are serious and generally well known, and would be sufficient for a separate article. Meciar is a permanent threat to democratic development in the country, a threat that need not come about, but its very existence is a sufficiently momentous reason. On the other hand, it is true that Meciar continues to enjoy the confidence of one-fifth of the population. And so, even if he were to be removed from the prime minister's position in the foreseeable future, the new elections cannot prevent the HZDS from returning to power. Moreover, it is certain that, should Meciar enter the election campaign from the opposition end, the preference for his movement would again increase. In a highly likely pre-election coalition with the Klepac Christian Socialists and the "Andel-Prokes" portion of the SNS, he will most likely obtain 30 percent of the votes. However, even if he were to obtain fewer votes—the count will surely not be lower than 20 percent—the only realistic possibility would be a government coalition between the HZDS and the SDL anyway. Anything else is out of the question.

Although the advent of the refined "Weiss boys" will serve to improve the overall impression of an old-new government team, that government team is aiming its policy still further toward the left. (While today Toth, minister of finance, is barely adhering to the recommendations of the International Monetary Fund and is thus at least holding inflation under control, it is likely that, in an HZDS-SDL coalition, this practice would come to naught.) The notion that Weiss will wish to avoid a coalition with Meciar—which would be politically difficult or even impossible—and would form a common bloc with the other parties is also not overly encouraging. Additional early elections would be only a matter of time.

Optimists will surely object to this somewhat catastrophic scenario by stating that there still remain some

50 percent of the people who do not want to go to the polls today and whose votes could change everything. But this is only a hope. A part of those who are undecided will certainly not vote, and the remainder, as is shown by experiences involving "nonvoters" in other countries, will divide their votes evenly between the strongest parties.

The future of Slovakia lies fully in the hands of the Slovak voter. Unfortunately, all public opinion polls conducted thus far and the analyses derived from them signal the fact that whether early elections are held in June or in November is completely immaterial. Therefore, for the time being, it is premature to expect not only fundamental but even partial changes in the situation as it exists today. Early elections in Slovakia will truly be premature.

**Boross Rejects Idea of 'Grand Coalition'**

AU0604092594 Budapest NEPSZABADSAG in  
Hungarian 2 Apr 94 pp 1,9

[Interview with Prime Minister Peter Boross by Pal Eotvos and Peter Vajda; place and date not given: "The Liberal Efforts Are Slightly Unrealistic"]

[Excerpts] [passage omitted] [NEPSZABADSAG] Mr. Boross, if we look beyond the coming elections and try to think without considering the election results, in your opinion, what dangers should Hungary take into consideration?

[Boross] Naturally, the unfavorable economic situation could represent a basic danger. In addition, our domestic economy greatly depends on foreign developments. Irrespective of its causes, economic decline could have social consequences. In a deteriorating economic situation, one cannot calm the people by claiming the inevitability of such a deterioration, and the demands from the government in power become quite simplified. Of course, this is so not only in Hungary but all over Europe. We cannot exclude this danger either: If economic deterioration leads to strikes and demonstrations, there will be no inflow of capital. So much for the economy. I see an internal political danger if conditions for a coalition capable of forming a lasting government fail to materialize....

[NEPSZABADSAG] Can we count on the creation of a really stable government?

[Boross] The obligatory pre-election optimism dictates that such a government could also emerge this time, after we succeeded in forming one four years ago. On the other hand, this is not certain, because a coalition made up of too many parties might also emerge; for example, a coalition made up of five parties is difficult to handle because its fate could depend on the smallest participant.

[NEPSZABADSAG] How many parties could form a still workable coalition? What about a coalition made up of three parties?

[Boross] Our coalition is also made up of three parties. The greater the number of parties in a coalition, the more unstable the situation. Government ineptitude can also lead to danger even in the case of a stable coalition.

[NEPSZABADSAG] Do you think of external dangers?

[Boross] There is no external danger threatening Hungary at the moment; at the same time, a certain level of political instability can be felt in three areas, those with Hungarian minority populations. There will be elections in Slovakia in the autumn, and we do not know what the results of these elections will be. A certain disadvantage is always involved here regarding steady contacts. Political life in Romania is also changing, and there is the small Yugoslavia to mention here too. However, in spite of all this, I do not feel a direct danger of events in any

of these countries, events that could seriously threaten the situation of Hungarians. [passage omitted]

[NEPSZABADSAG] There are various views of Hungary's international image and the national minority issue, which is indivisible from relations with our neighbors. According to some, there is a long-term solution: Animosity will stop with economic prosperity, which will hopefully take place in the region at more or less the same time.

[Boross] Every country strives to present a favorable image. There are countries in the former Eastern bloc which do this more loudly than us. A certain type of rivalry is therefore inevitable. However, this does not have too much in common with our bilateral relations. Stable governments are essential for these contacts, because people are negotiating with people. It does not help if the relevant people on the other side keep changing. When we met in Prague, Meciar told me that we could solve all the problems in two hours if the two of us got together. And now, when we negotiate, we have to get together with someone else. Given that the issues also include a long-term solution of national minority contacts, I must mention that two neighboring countries received suggestions from the Council of Europe on membership. These suggestions are generally verified. [passage omitted]

[NEPSZABADSAG] Mr. Boross, speaking of various government scenarios, one can hear of the possibility of a grand coalition government of experts.

[Boross] I cannot evaluate a government of experts. My government has outstanding experts, and I do not know who could be better than us. Why would a former departmental head at the planning office be a better expert?

[NEPSZABADSAG] What about a grand coalition? Does it stand a chance?

[Boross] I do not see any chance or will for such a coalition. Even if the oft-mentioned elite were ready for something like this, they would not be able to do it because the party behind them would disappear. The political reality is that the members would not forgive the party for such an alliance. Therefore, this does not depend on five relatively wise people getting together and saying that, although they hate one another and make contradictory promises, they should form an alliance because there is trouble now. Such things only happen in fairy tales.

[NEPSZABADSAG] Finland is such an example....

[Boross] That is true. But such a possibility only emerges after two decades of democracy, after many things have been tested, and a political concept and view has emerged that has different priorities. In Hungary, the priority to win still prevails. [passage omitted]

[NEPSZABADSAG] Although there is publicity in Hungary, we also notice that it is not functioning. For

example, Finance Minister Ivan Szabo announces one morning that 20 billion forints has disappeared from the banks. It was interesting and bitter to notice the lack of any public outcry and also that the apparatus ignored the issue. I could also mention privatization matters that were not dug out or stressed by the press.... Do you think that there is both political and moral apathy in Hungary?

[Boross] We are now following a lengthy dictatorship, and every country in this region is complaining about low morality. One should not be surprised at this, given the precedents. On the other hand, distorted information has played a major role in the emergence of concrete affairs. As interior minister, I submitted an internal report to the government on banking affairs investigated by the police: A lot of things, from embezzling to stupidity, can be the reason for the disappearance of that 20 billion forints. Ivan Szabo did not participate in one part of the government session and issued a statement the next day, and this led to the "affair." I do not know how the population reacted to it, but the press reacted very strongly; however, the various commentaries failed to mention that this amount only made up 1 percent of the outstanding balance of some 2 trillion forints. [passage omitted]

[NEPSZABADSAG] We have heard that you are ready to participate in a televised debate. NEPSZABADSAG would gladly participate in such a debate. Are there any plans for a television debate?

[Boross] As far as I know, a televised debate with the participation of Orban, Peto, Horn, and Surjan will be aired on 2 May.

#### **SZDSZ Not To Join MSZP-Led Coalition**

AU0504135394 Budapest MAGYAR NEMZET in Hungarian 2 Apr 94 p 5

[Sumegi report: "Assessment of Liberal Chances—The SZDSZ Would Not Join an MSZP-Led Coalition"]

[Text] The Alliance of Free Democrats [SZDSZ] would not participate in a coalition in which the Hungarian Socialist Party [MSZP] is the leading force. We can only imagine an opening toward the MSZP if the SZDSZ is the dominant force of the coalition, SZDSZ campaign chief Balint Magyar said at the party's news conference on 1 April.

He also said that the chances of the SZDSZ forming a coalition with the Hungarian Democratic Forum [MDF] are minimal. Magyar believes, however, that cooperation with the Christian Democratic People's Party [KDNP] is "worth considering and it can be a healthy development in a given situation." It seems to be natural—and is also supported by public opinion polls—that people want to vote the MDF out of government. The only question is whether the people will give their confidence to the SZDSZ or the MSZP to form the government. According to Magyar, it is the SZDSZ whose policy will not increase the division of society.

Therefore, the ideal solution would be a government dominated by liberals, with a concentric structure. The data that 81 percent of people would like to see the SZDSZ as part of the future coalition also shows society's support for the party. However, in order also to find the way toward the center right parties and to form a broad coalition, it is necessary that the MSZP does not become dominant.

Gabor Fodor reported on the public opinion poll data according to which the SZDSZ is "slowly but surely" progressing toward its goal. According to Fodor, it is important that the MSZP has the largest number of sure supporters but, because of the characteristics of the Hungarian electoral system, the SZDSZ may achieve a very good result in the second round of the elections. It can be expected that, because the MSZP considerably divides society, many people will choose the SZDSZ in the second round because it is the least rejected party. In contrast to this, due to the worrying processes in the party and the strengthening power of the statist trend that advocates redistribution by the state, the MSZP is rejected by a large segment of society.

#### **Parties Support, Condemn Radio Dismissals**

94P20502A Budapest MAGYAR NEMZET in Hungarian 7 Mar 94 p 4

[Article by Fazekas-Sumegi-Varju: "Parties' Expressions of Support, Condemnation"]

[Excerpt] In the "Sunday News" radio program, Sandor Lezsak, managing director of the MDF [Hungarian Democratic Forum], answering questions from listeners about the dismissals at the radio, answered that the attacks related to the dismissals started immediately. Critics questioned the qualifications of managers and editors, he continued, who—having taken the places of the fired persons—have not had a chance to prove themselves.

In his opinion, it is necessary to wait until the newly appointed editors show evidence that they are truly rendering a public service and consider providing unbiased information to be their primary task. Speaking to the reporter, he said: "I understand you people, you find it very difficult to work, but from what I've seen, work is continuing at the radio and the mood is good."

Answering a listener's question about the MDF surpassing (to quote verbatim) the previous government's "villainy," Lezsak announced that it is symbolic of the degree of press freedom that such statements were being made into the "Sunday News" program's microphones.

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The Executive Committee of the KDNP [Christian Democratic People's Party] judges the reduction in force, which is a necessary evil that seems to be inevitable for financial reasons and which was planned already before the system change, the same way that it

regards the similar forced steps taken by any other institution. However, at other institutions workers do not have the possibility of representing their interests in the domestic and international press. The KDNP rejects the assumption that the dismissals were initiated by the government. It considers it unjustified and harmful for political parties to try to interfere directly in the internal affairs of the radio. In its opinion, the statement of the MSZP [Hungarian Socialist Party] and the SZDSZ [Alliance of Free Democrats]—which noted that if they win the election they will rehire the fired workers—is a mockery of media freedom. The Christian Democrats hope that the time of direct party direction and intervention in the life of institutions has passed. "There must be no returning to the past!" ends the KDNP's statement.

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Limiting freedom always begins with limiting freedom of the press, said Alajos Dornbach at the SZDSZ's political talk show on Saturday, kicking off their campaign. According to the National Assembly vice president, the government allowed its vassals to take these steps. They are afraid of a leftist danger, and at the same time they are centralizing mass communication so that people will not be able to choose among the various parties. Ivan Peto said that the government has ensured that the Democratic Charter's protest, which is planned for 14 March, will have plenty of substance. Gabor Fodor called the events a blatant political cleansing. In his opinion, once the new government takes over, Gabor Nahlik and Laszlo Csucs [acting presidents of Hungarian television and Hungarian radio, respectively] will be out in a matter of seconds. They have proved themselves to be politically biased and professionally unsuitable, so there can be no confidence in them. He also brought up the government's responsibility, saying that it pushes ahead using Csucs and Nahlik as battering rams. At the news conference after the meeting, Ivan Peto expressed the opinion that the people who were fired had played a much bigger role in creating freedom of information than the people who fired them. He called it regrettable that journalists must be afraid if they or their information sources say anything critical of the government. He added at the same time that no one has ever been able to win elections by such means. "However, we do not want the government to help the SZDSZ's campaign to achieve success by such means," he added with irony.

The IDE [Youth Democratic Association], the SZDSZ's youth organization, notes with outrage the fact that political cleansing has taken place at the public-service Hungarian Radio.

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At a news conference over the weekend, Istvan Csurka expressed the opinion that the firings at the radio were an important step toward creating freedom of the press. According to the chairman of the Hungarian Justice and

Life Party (MIEP), if this step had been taken in 1990, the country would be in a completely different situation.

Csurka also announced that with the support of 88 organizations and parties, the Hungarian Way Circles Movement is organizing a friendly protest in the interest of a free Hungarian press on 15 March at 1400 in Szabadsag Square. According to him, the reason they are not holding the demonstration at the Petofi statue is that Lord Mayor Gabor Demszky simply rented the square from midnight on 15 March to midnight the next day.

The MIEP chairman dissociated himself well before the fact from any provocations that may occur, saying that in today's situation such an event can only be held amid great danger. In connection with the recent events at the radio, Zsolt Lanyi, chairman of the Budapest branch of the FKGP [Independent Smallholders Party], who supports the 15 March protest, announced that his party considers the radio to be too pro-government. MIEP Spokesman Bela Gyori announced that on Friday several people broke into Laszlo Csucs's office and, while he was in the government's office, they purportedly smeared his chair and desk with feces. According to Gyori, the perpetrators are known, but he was not willing to betray their names.

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The Agrarian Alliance considers the dismissals at the radio to be the newest evidence of the mockery of press freedom and of the grinding into the dust of nonpartisan and objective information. With these steps the government and the vice president of the radio, who has full presidential power, have violated their constitutional duties. For this reason the Agrarian Alliance calls on Prime Minister Peter Boross to initiate Laszlo Csucs's immediate dismissal and to ensure personnel measures that will regain the people's trust.

There is democracy in Hungary, but we will only have proof of this after the election, when it will become clear whether or not the political line that misuses its power suffers a failure, emphasized Republic Party Chairman Janos Palotas on Saturday evening at a citizen's forum in the country seat of Vas County. In his opinion, the chiefs of the national media cannot set their judgment above that of the nation; that is, if six or seven times as many listeners or television viewers want to listen to or watch a program than the number that do not, then no one can take this right from them. Those who were dismissed generally prepared such programs, he emphasized.

Speaking of the dismissals at the radio, party Chairman Zoltan Kiraly stated at a meeting of the MSZDP [Hungarian Social Democratic Party] in Komlo that when dilettantes get into power—and this pertains not only to the radio but also to the television—it is clearly their aim, and it is also in their interest in terms of power politics, to get rid of talented people who are good at their jobs. [passage omitted]

### Policy Blamed for 'Failing' Export Sector

94CH0193A Budapest HETI VILAGGAZDASAG in  
Hungarian 26 Feb 94 pp 103-106

[Article by Katalin Antaloczy: "Exports' Nosedive. A Failing Sector"]

[Text] Bela Kadar, minister of international economic relations, could not have rated Hungary's foreign trade sector a "success" even if he had been wearing his rosiest spectacles at his briefing last week. He was forced to announce that, after two years of continuous increases, Hungarian exports plunged into a nosedive in 1993. Experts had already been predicting that change. To a large extent the minister attributed it to the fact that Hungarian economic policy has not been sufficiently "international economy-friendly." However, a retrospective analysis covering the preceding years shows that the policy itself has not been sufficiently "economy-friendly."

The value of Hungary's exports last year was \$8.9 billion. In comparison with 1992, that was 16.8-percent lower in terms of foreign exchange, and nearly 10 percent lower in terms of volume. At the same time the value of imports rose considerably, by about 13 percent overall, to a total of \$12.5 billion. Thus the balance of trade based on statistics compiled by the Customs Service (it includes all goods entering and leaving Hungary) showed a deficit of \$3.6 billion for 1993. Even after deducting the items not involved in commercial transactions, this burdened the balance of trade by about \$2.3 billion.

Last year, then, the contradiction that had existed during the preceding three years between the domestic economy's rapidly deteriorating performance on the one hand and foreign trade's improving performance on the other was resolved. Between 1990 and 1992, the shrinking economy produced increasing dollar earnings, despite the forced switching of markets and the collapse of trade with East Europe. Special domestic and external conditions stimulated and made possible the growth of exports during this period. The narrowing of the domestic and Eastern markets led to increased sales to developed countries; the boom in the West, together with the related partial opening of Western markets and the economic-diplomacy moves (from the beginning of 1990 the EC granted Hungary import preferences under the Generalized System of Preferences, then Hungary concluded a Europe Agreement with the EC and subsequently an association agreement with the EFTA [European Free Trade Association]), made those increased sales to developed countries possible. Ownership posed hardly any obstacle to unprofitable exports and the squandering of assets.

Parallel with switching markets, however, there was no move toward a more efficient and more competitive export structure. To the contrary, the structure of Hungarian exports took a definite turn for the worse in 1991 and 1992. First, the two commodity division (sources of

energy, and materials and components), for the production of which conditions in Hungary are certainly not more favorable than elsewhere due to the paucity of natural resources and the capital intensity of production, and whose rising transportation costs to greater distances set rigorous constraints on the expansion of supply, maintained their stable share of exports at about 40 percent.

Furthermore, the proportion of customs processing within Hungarian exports rose sharply in those years in comparison with 1990. A whole range of domestic economic players—particularly in light industry, but also at many engineering and chemical enterprises as well—had undertaken the custom processing of other countries' materials, primarily for German firms, to load their own unused capacities and to provide work for their employees. (In 1992, the proportion of custom processing in the textile and clothing industry was 90 percent of its total exports.) However, this activity is not very economical; it does not make investment possible and therefore provides no opportunity for advancing beyond custom processing. The market for custom processing strongly depends on the international business cycle and is characterized by ever stiffer price and cost competition among the countries of East Europe. Therefore the increase in exports based on custom processing lacked a solid foundation and stemmed mostly from necessity.

Usually the proportion of machinery exports is regarded as a measure of an economy's competitiveness. The proportion of machinery within Hungary's exports dropped significantly after 1990; with the sharp contraction of export opportunities to Eastern markets, Hungary's engineering industry had only moderate success in marketing its low-technical products in developed countries.

Agriculture and the food industry jointly account for about a quarter of Hungary's exports. In spite of the changes underway, however, large volumes of standardized products, often merely of inferior quality, (bread grains, meat products of a low order of processing, and wines in bulk, for instance) remained typical also in the 1990's. But this export structure is too capital-intensive for production conditions in Hungary. Like custom processing, it is very sensitive to the business cycle, and its economic efficiency is low.

The roots to the decline of exports since the end of 1992 and the beginning of 1993 lie in the absence of structural change. Uneconomical production and sales manifested themselves in liquidity crises among businesses, resulting in mass bankruptcies because of the strict regulations. The tightening of monetary policy as of 1992, the abolition of prefinancing for exports, the shortcomings in the system of export guaranties, and recession in the West further aggravated the economic players' impossible situation. Cutbacks, one of the tendencies necessary for structural change, accelerated from the second half of 1992. (In 1992, for instance, farm

output fell by 22 or 23 percent, and the food industry's output by 13 percent.) A significant proportion of the large exporters underwent transformation; a part—and in some instances all—of their stocks of exportable commodities disappeared. Presumably the economic players' exports will not cease entirely after the bankruptcy proceedings and liquidations, and only the uneconomical exports will drop out. Consequently, the decline of exports in 1993 was a normal development. The main question today is what was actually at the bottom of last year's processes, of the significant decline in exports and the growth in imports. Was the worsening of the balance of trade a natural symptom of the commencement of economic growth, of the intensification of investment activity, and hence of structural change? Or was it a sign of the Hungarian economy's continuing slump?

Last year the export of energy sources showed the highest rate of rise, nearly 30 percent (based on figures for the first 10 months). Materials, sources of energy, and electricity together accounted for nearly 42 percent of Hungary's total exports in 1993. In relation to a very low basis of comparison, even machinery exports showed an increase of about 10 percent overall. However, that average conceals a drop of about 15 percent in shipments to developed countries, and the near doubling of machinery purchases by the former socialist countries. (Though not evident from the statistics, it may be assumed that the reexportation of aircraft brought in from Lithuania for repairs played a substantial role in the latter's increase. In the classical sense, however, such repairs cannot be regarded as Hungarian machinery exports.) Significant structural changes can already be perceived behind the engineering industry's shrinking export sales: the exports of products that once were traditional export items (buses, farm machinery, and machine tools) are declining, while the exports of several new commodity groups (cars and their subassemblies, for instance) are rising.

Three commodity groups—custom processing, bread grains, and food-industry products—played the decisive role in export's sharp decline last year. They jointly accounted for 77 percent of the overall decline. The drastic, more than 50-percent, drop in the export of custom processing is not surprising on the basis of what has been said above, but it is the more surprising in the light of available statistics. To wit, the value of materials brought into Hungary for customs processing last year was the same as in 1992. Consequently, on that basis and even with allowances for slippages in meeting shipping schedules, also the value of custom processing exported in 1993 should have developed roughly on the same level as in 1992. As an incentive to undertake customs processing, the requirement to pay duty on consumption entries with drawback privileges was abolished as of 1 January 1993, in response to strong pressure from the Ministry of International Economic Relations. By now it is already evident that this change in the regulations is being widely abused: Materials brought in duty-free for custom processing simply "vanish" into domestic consumption. The deep crisis in agriculture and the food

industry played the decisive role in the decline of these exports. This is clearly evident from the fact that last year, just as in 1992, the internal confusion and shortages of stocks of exportable commodities in agriculture and the food industry prevented domestic producers from taking full advantage even of the export opportunities provided by our Europe agreement.

Overall, the structure of exports did not change significantly in 1993 as compared with its previous structure. For the time being, the minor changes are mostly indications of cutbacks. In principle, however, the sharp rise in imports—consisting predominantly of machinery imports—could be perceived as an indication of the commencement of "recovery." But closer examination reveals that last year's import surplus in machinery was mostly a one-time occurrence, and that its purpose was not the modernization of production. To wit, machinery imports included about \$100 million worth of repairs of Lithuanian aircraft (this item in itself represents an increase of about \$40 million over 1992), deliveries of Russian combat materiel to offset earlier Hungarian claims, and the two Boeings purchased by MALEV [Hungarian Airlines]. Increasing purchases of internal combustion engines further augmented machinery imports. The causes of these increasing purchases were three-fold. Environmental-friendly DAF [Van Doorn Automobile Factory] engines for the buses being built for the BKV [Budapest Transportation Enterprise] accounted for the bulk of the increased purchases. Furthermore, export orders for buses increasingly specify foreign-made engines in them. Finally, the development of production at the Suzuki factory is also increasing the import of internal combustion engines.

Only an extremely small part of machinery imports—slight increases in imports of food-industry, farm, and lumber-industry machinery and of communications equipment—can be linked at all to investment activity. Energy and material imports more closely associated with economic growth continued to abate in 1993. The significant rise in imports of petroleum products can be attributed to scheming in conjunction with the supply of household fuel oil rather than to a "kick-start" of the economy. From the development of imports in 1993, in other words, it is not yet possible to infer economic growth.

According to the briefing provided by the minister of international economic relations, the earlier unfavorable processes slowed down during the fourth quarter of last year. But the casual observer is perplexed when attempting to identify the cause of this improvement. Was it due to the customary "year-end rush," to expectations of a devaluation, or to the suitable grouping of the data over time? However, one thing is certain: The improvement definitely was not due to the export-incentive package plan the government adopted last September. That decision did not mean measures that took effect and made themselves felt immediately. It is safe to say that nothing of that plan was implemented by 31 December 1993, with the exception of the forint's

slight devaluation which, incidentally, was not even included in the package plan's proposal. To this day the prefinancing of exports remains unsolved, an Eximbank has not been established, and the rate of corporate income tax will be reduced only as of the beginning of 1994.

The indicators for 1993 still reflect economic hedge-hopping. It is indisputable that the commencement of economic growth can be expected only from a rise in profitable export, and that in its turn is closely related to the general state of the economy. Today the stimulation of exports cannot be imagined solely on the basis of economic-diplomacy or trade-policy measures, for it is obvious that neither agriculture and the food industry nor the custom processors have been able to take full advantage of the opportunities that the Europe agreement provided. On the other hand, it would be essential to conduct several investigations for a feasibility study of a larger-scale (real) devaluation of the forint that numerous economic players and experts have frequently been demanding. We ought to know, for instance, whether the forint is truly undervalued or happens to be overvalued. How elastic is the response of exports and imports to a forint devaluation. How large is the imports content of exports. And how does devaluation affect the price- and cost-competitiveness of exports, and domestic inflation. In other words, does forint devaluation do more good than harm.

In the case of a devaluation for the purpose of stimulating export, we should take into consideration also the fact that this tool helps only those who already are exporting, but it hardly helps new players to enter the market. The frequently voiced argument that a larger devaluation would enhance the price-competitiveness of custom processing raises the question as to whether Hungary could afford to enter into cutthroat competition with its neighbors for custom processing, to regain its markets on this basis, and then to continue an export that has no future.

Because of the deep structural causes underlying the decline of exports, it is very unlikely that even a significant change in the exchange rate could substantially boost the export volume. A growth in exports can be expected only from an improvement in the general state of the economy—in other words, only in the long run. That improvement can be brought about only by an economic policy that, within the framework of budgetary reform, reduces the burden of taxes and social-insurance contributions, and thereby increases the resources available for investment, improves enterprises' efficiency, accelerates privatization, aids the entry of new exporters into the market, and creates order in the agricultural economy. It would be illusory to expect rapid improvement within a short time.

#### **AVU Privatization of Food Industry Assessed**

94CH0194A Budapest HETI VILAGGAZDASAG in Hungarian 26 Feb 94 pp 57-59

[Article by Peter Felix: "Not Selling Like Hot Cakes"]

[Text] It is virtually impossible to rate the performance of the State Property Agency [AVU] to date because—in

the absence of a real market—the value of the firms it privatizes can only be estimated. Our tabulation examines the present situation in the individual industries within the food industry group and establishes what has been privatized to date and what has yet to be privatized.

The AVU regards the food industry group as one of the success stories of privatization. Most of the group's 162 state or municipal enterprises have been transformed into corporations. Only 56 of them were sold by the end of 1993, but they accounted for 46 percent of the 162 firms' combined registered capital. It is practically impossible to judge whether the experts of the AVU handled a specific sale well or badly. After all, there is no basis of comparison: A developed market that could determine the real value of a firm is lacking. Thus the AVU is able to go about its business practically without any risk, and only rarely is it forced to admit that it goofed.

According to the data provided by the AVU, the net worth of the food industry corporations can be estimated at 157 billion forints. Of this amount, 72.2 billion forints worth of assets were sold by the end of 1993. Except in a few insignificant minor cases, there has been no suspicion of any corruption. This is the more commendable because AVU employees are exposed to exceptional temptation: Each chief counselor-deputy director prepares the privatization of assets worth billions.

Several basic principles for privatization within the food industry group had been laid down as guidelines back in 1991, but the indications are that the AVU is not paying much attention to them. Basically the decisive factor is money, although officials at the AVU are able to cite numerous examples of rejecting the highest bid. Some experts are of the opinion that, in most cases when it was truly "interested," foreign capital managed in the end to get what it wanted.

It may be said to be a general practice at the AVU to offer 25 percent of the equity, plus one vote, to a specifically targeted large-scale agricultural producer, when a large firm is being privatized. But experience indicates that raw material producers are not really interested in acquiring such a small stake. Others are of the opinion that it would hardly be possible to devise something better than the AVU's extremely pragmatic approach. Admittedly, it does seem expedient in principle to give control of individual food-processing firms to groups of domestic capitalists who would be able to gain significant markets for both the underlying agricultural activity and trade. However, the managements of the undercapitalized and debt-ridden agricultural cooperatives and food industry firms respectively would be ill-suited for this role. Most agricultural cooperatives are glad merely to be able to survive; in the extremely unlikely case of being given a food industry firm free of charge, they would have no opportunity (money) to finance the firm's production.

In these circumstances it is no wonder that—instead of complying with the laid-down principles—the AVU is

selling everything for which effective demand exists. Understandably, foreign capital is seeking primarily safe businesses in the apparently risky Hungarian market. Thus foreign capital's attention has focused mainly on the tobacco and distilling industries, whose products are taxed; on the sugar industry, which consists of a few players and produces a foodstuff of strategic economic importance; and on the vegetable-oil industry, primarily because earlier only one firm had been established in Hungary for the processing of oil seeds, and it enjoys an absolute monopoly to this day. For instance, five international corporations—Philip Morris, Austria Tabakwerke, RJR Nabisco, BAT [British-American Tobacco] and Reemstra—now own the four tobacco factories in Hungary. The better-known distillery firms also have attracted foreign capital. (It will suffice to mention Peter Zwack's purchases.)

The immensely keen Western interest in sugar factories is more difficult to explain. Indirectly, three large concerns share most of the market in the sugar industry: Sud Zucker-Agrana (21 percent); Tate Lyle-Amylum (18 percent); and Eridania Beghin Say (34 percent). First Hungarian Sugarmaking and Trading Consortium comprises 60 growers and holds the majority interest in five sugar factories, which enables it to claim 27-percent share of the market. Some people are assuming that this unexpected "craving for sugar" was triggered by alarm among the world sugar industry's multinationals over the Austrian Agrana's sudden appearance in Hungary, causing them to acquire small or substantial stakes in Hungarian corporations, merely to establish their presence in East Europe. The Hungarian sugar industry does not hold out much promise of big business opportunities, especially not if we consider that three or four of the 11 sugar factories in Hungary will have to be shut down in the near future because there is simply no demand for that much capacity.

Besides the sugar-industry consortium, in the entire food industry group there were few other examples of the AVU selling all the shares in a firm exclusively to Hungarian investors. Precedents existed primarily in the meat industry. In addition to Zala County Meat Corporation, the Vas County Meat Industry Corporation, and the Papa Meat Corporation, however, the shares of the Dunakeszi Refrigeration Industry Corporation, the Hajdu County Grain Corporation, and Vardadrink Rt., a manufacturer of alcoholic beverages, are also 100-percent Hungarian-owned. It is not surprising that the meat industry has the most domestic players. Processing capacity is estimated to be three times greater than what is actually needed, and—sooner or later—a significant proportion of the processing plants that are being offered for sale will inevitably go bankrupt. Lately, with the decline of export opportunities to East Europe, the significance of the domestic market has increased perceptibly, and there was relatively greater interest in acquiring equity only in those firms that earlier had gained significant market shares, even though they too are not very sound economically. Thus the shares of Vas

County Meat sold for 105 percent of par; those of the Papa integrated meat plant for 165 percent; and the initial public offering of Pick Szeged Rt. shares on the stock market was likewise successful. With the exception of a few larger meat-industry firms—Gyula Integrated Meat Plant Corporation and Debrecen Meat Corporation, for instance—not much foreign interest can be expected in the remaining ones when they are put up for sale. Perhaps there might be interest in the firms that are wholesale meat distributors.

Like in the meat industry, the situation is difficult also in the dairy industry, because it too has considerable excess processing capacity. For the time being, foreign capital appears to be skimming the bargains, picking out the firms with the most promising markets and developed secure supplier bases. Parmalat, for instance, has established its headquarters in Szekesfehervar, by acquiring Fejer County Dairy Corporation. In the dairy industry, including also the successors of the former dairy industry enterprises, the AVU had earmarked 48 firms for privatization. It sold 21 of these firms by December 1993, and will put another 21 on the block in the first half of 1994. At present, 21 players share the dairy market. Up to the end of 1993, privatization brought 1.5 billion forints of additional capital into the industry. The monopoly of Budapesti Tejipari Vallalat (Budapest Dairy Industry Enterprise) has gradually weakened during the past two years, and today several provincial dairy firms also have significant shares of the capital's market. According to experts, really harsh measures have yet to come in the dairy industry. The trimming of surplus capacities will become inevitable in 1994. That will be accompanied by a substantial rise in unemployment in some regions.

The situation is ambiguous also in conjunction with privatization in the grain industry. Originally the grain industry comprised 20 county grain-trading and flour-milling enterprise (GMV's), and a number of firms servicing them. The GMV's operated 117 flour mills, 67 feed-mixing plants, and 181 separate granaries. In March 1993, the AVU board of directors approved a detailed plan for the grain industry's privatization. On its basis, 71 flour mills, 36 feed-mixing plants, and 154 separate granaries were earmarked for decentralized privatization. According to a summary report prepared in mid-January, 48 flour mills but only 14 feed-mixing plants and 29 separate granaries have been privatized so far. The AVU attributes the conspicuously meager interest in the feed-mixing plants and granaries to the drought and the livestock population's decline.

By the end of last year, 15 of the 20 GMV's had been transformed into corporations, and the one in Veszprem County is in liquidation and is expected to be wound up by June 1994. However, only two of the transformed GMV's have been sold so far. The shares of Hajdu County Grain Corporation were bought by its MRP [Employee Stock Ownership Program] organization; and the state's stake in Hungarograin Rt., into which the Komarom County GMV had been transformed, was

bought by a consortium comprising the MRP organization and a Hungarian company. In the opinion of the AVU, future foreign interest can be expected only in Cerbona Rt. It is hoped that domestic investors will buy the remaining firms, if there is effective demand for them. In the near future the AVU intends to make initial public offerings of the shares of three companies: Alfold Grain Corporation, South Transdanubian Grain Industry Corporation, and Pannonian Grain Corporation.

There seems to be hardly any foreign interest in the state baking industry, with the sole refreshing exception of Danube Bread Corporation. The AVU does not even know how many players there are in the market, because the number of private firms in the baking industry has increased dynamically since 1991. It is estimated that at present the private firms jointly have approximately a 60-percent share of the market and account for 55 percent of the industry's total capacity. At the commencement of privatization, incidentally, there were 37 enterprises in the baking industry, and 19 of them were assigned to the so-called program of self-privatization [enterprise-initiated privatization]. Mainly the firms with smaller capacities were assigned there, while the privatization of the 18 larger corporations is being handled by the AVU itself. So far the success of the AVU's efforts has been very modest: Only four firms had been privatized by the end of 1993.

Of the nine refrigeration-industry corporations in which the state holds a majority interest, only six have been privatized. The investors include the multinationals Unilever and Shamrock; domestic entrepreneurs own the refrigeration plants in Gyor and Dunakeszi; while the refrigeration plant in Szekesfehervar has been purchased, for compensation bonds, jointly by individuals and legal entities. It is undeniable that the refrigeration-industry firms, which earlier had enjoyed a monopoly, have lately been forced to compete both on the domestic and the foreign markets. On the basis of the earlier invitations to tender, the AVU estimates that the refrigeration industry will attract nearly 1 billion forints of foreign direct investment in 1994. As a result of this among others, the AVU believes that export earnings this year could reach as high as \$70 million, after last year's very modest export of \$30 million.

In professional circles opinions are divided about the pace of privatization within the food industry group, just as they are about the pace of privatization in general. Many people find it amazing that the AVU has at all been able to sell so many firms in financial straits. Others believe that the AVU is following the path of least resistance, selling off assets on the principle of "let us be glad we have a buyer," instead of privatizing individual industries on the basis of comprehensive conceptual plans. The future will determine who was right on this issue. In any case, practically every political party has

already announced that, once it came to power, it would investigate the earlier practice of privatization within the food-industry group.

### ΩTourism Income Below Predictions

94P20668A Budapest HETI VILAGGAZDASAG in Hungarian 19 Mar 94 pp 61-62

[Editorial Report] As Hungary goes through its difficult transition, tourism in 1993 failed to fulfill the government's prediction that it would become the "pace-setting" economic sector and would compensate for weaknesses in other parts of the economy, the prominent weekly HETI VILAGGAZDASAG (HVG) asserts in an unattributed article entitled "Tourism Assessment: Double or This Much" in its 19 March issue. Recent statistical data suggest that the National Tourism Office was under some kind of "illusion" when it predicted last year that tourism would increase significantly and that its contribution to the GDP—currently 8-9 percent, the same as that of the agricultural sector—would "double" by the year 2000, HVG asserts.

The apparent surge in tourism in 1993 is misleading, HVG says. While 41 million foreigners entered Hungary in 1993, 7 million more than in the previous year, more than half of the total did not enter the country for tourism but for economic, political, or "existential" purposes, and almost half of the total number just "dashed" across the border for one day. HVG indicates that a "significant" number of the foreigners entering Hungary came from countries whose citizens are unlikely to have much spending power. More than half of the total came from Romania or the former Yugoslavia, while the number of visitors arriving from the former Soviet Union more than doubled in 1993, to 2.7 million. There was "no significant change" in the number of visitors arriving from Western countries, HVG notes, although visitors from the united Germany increased by 23 percent in 1993 after having declined the previous year.

Underlining its contention that foreigners coming to Hungary have not become the economic resource that Hungarians had expected, HVG illustrates the article with a picture of backpacking young people lying on the floor in a Budapest railroad station. The caption reads: "Resting in the station: Many come, but they spend little."

The article suggests at the same time that the picture is mixed. The 144 million nights that foreigners spent in Hungary in 1993 represented a 37-percent increase over the year before, and the average length of time spent in the country grew from 5.2 nights to 6.3 nights. Those spending the longest time came from northern Europe and North America. While there appears to have been a 25-percent decline in the overall receipts of the tourism sector, HVG notes that the data may be misleading since it does not reflect the "presumable growth" in "black market" accommodations, which remain unreported by those who want to avoid taxes.

**Defense Minister, U.S. Ambassador Hold Talks***LD0504204494 Warsaw TVP Television Second Program Network in Polish 1900 GMT 5 Apr 94*

[Relayed by TV Polonia Network]

[Text] I am convinced that there will be joint maneuvers of our troops and North Atlantic Pact troops before the year is out, Minister of National Defense Piotr Kolodziejczyk said after meeting U.S. Ambassador Nicholas Rey. The meeting was the first opportunity to put into effect the agreements signed during the minister's U.S. trip. A joint defense affairs commission will be set up in May. It will tackle, among other things, the restructuring of the Polish arms industry.

[Correspondent] The representatives of both states talked about the possibilities of making practical use of the Partnership for Peace in military cooperation between both states, and the issue of security in our part of the world.

[Begin recording] [Rey in English fading into Polish translation] We have specifically discussed the possibility of joint maneuvers. Such an undertaking requires a detailed plan. We will be working on it.

[Kolodziejczyk] We are presenting the whole range of training undertakings we will implement this year, which are being implemented by the Polish Army, and the U.S. side will indicate which undertakings it wishes to take part in. All this will require the appropriate preparation, also on the staff side, so that there will be no disharmony. This means harmonizing the communications networks, the command systems, on some sort of chosen scale, and this will be the first very important step, very important experience for our Polish Army. [end recording]

[Correspondent] Ambassador Rey mentioned the proposal that the Americans should finance a modern air navigation system but did not give any specific information on when and how this would come about.

**Walesa, Pawlak, Finnish Foreign Minister Meet***LD0604111994 Warsaw PAP in Polish 1050 GMT 6 Apr 94*

[Text] Warsaw, 6 Apr—President Lech Walesa, while receiving Heikki Haavisto, Finland's foreign minister, in the Belweder on 6 April, expressed Poland's will to expand contacts with Finland. Earlier, Minister Haavisto was received by Prime Minister Waldemar Pawlak.

According to the Polish president, Polish-Finnish relations are "not bad," but they do not make full use of all of the capabilities of either of the two countries. In his opinion, Poland and Finland, as medium-size countries, could play a greater role in international organizations. Lech Walesa said that Poland and Finland want to join European organizations that "have proved themselves so

far." Finland has already succeeded in this field. Poland still has a long way to go, the president said.

The subject of talks with Waldemar Pawlak was economic cooperation between the two states and trade exchange. The prime minister conveyed to the Finnish minister an invitation for the head of the Finnish Government to pay a visit to Poland.

**Foreign Minister on Security, Foreign Relations***BR0504145394 Paris LE FIGARO in French 2-3 April 94 p 3*

[Interview with Polish Foreign Minister Andrzej Olechowski by Christophe Turowski; place and date not given: "Poland Wants Its Voice To Be Heard"]

[Text] [Turowski] President Walesa appears disappointed by the reluctance of Western countries to commit themselves to a system that would guarantee security in Central and East Europe. Do you feel the same?

[Olechowski] Current events will determine Poland's position within the continent's future political configuration. First, we need to define what our role is to be within NATO and the European security system. We also need to take into account the state of relations between the Western world and Moscow. Poland cannot forget that Russia is its largest and most powerful neighbor. We therefore want our voice to be heard and taken seriously.

[Turowski] Is there not a risk that this Polish voice may be stifled by Russia's, which the West appears more willing to listen to?

[Olechowski] Seen from Warsaw, the priority for European powers, including Russia, must be to establish a reliable and strong European security system. Our position is therefore that existing institutions must be expanded and that Poland must be allowed to join such institutions as soon as possible. We believe they are the only guarantee of peace there is. However, Russia has so far remained wary of NATO, which makes for excessively rigid policies. Still, Warsaw and Moscow have now established good cooperative relations from both a bilateral and a regional standpoint.

[Turowski] The strategy of the United States has been visibly pro-Russian. Does that worry you?

[Olechowski] The United States has been doing everything in its power to incite Russia to embrace the rules of democracy and market economy. President Clinton's attitude is quite understandable. However, I would definitely worry should the Americans seek a strategic alliance with Russia. In the current context, such a move would be highly premature.

[Turowski] Poland was the first country to formally recognize the new Ukrainian state. How do you explain the special relationship that has since developed between the two nations?

[Olechowski] Poland is delighted with Kiev's rising political profile on the international scene. At first, Ukrainian independence created much uncertainty in the West. Today, the United States and Russia have initiated a political dialogue with Ukraine. Washington and Moscow have given assurances that are tantamount to a commitment to preserve Ukraine's independence and security. It would be desirable that the headquarters of an existing international institution be moved to Kiev in order to further anchor Ukraine to Europe.

[Turowski] Does this alliance between Poland and Ukraine not stem from an anti-Russian feeling?

[Olechowski] By definition, this cooperation between our two countries, both of which have an equal aspiration for liberty and democracy, cannot be a threat to anyone. Nowadays, Poland has many more neighbors than four years ago, and we have signed friendship treaties with all of them. For the first time in a region that was racked by fratricidal wars for centuries, all nations have recovered their independence. Consequently, there is a need to create good neighborly relations, a basic requirement for security in Europe.

[Turowski] Moscow made its considerable clout felt on the occasion of the settlement negotiated in Sarajevo by the United Nations. How do you view this change of tack?

[Olechowski] This is an unqualified success for Russian diplomacy. As for Poland, we have always supported European initiatives meant to put an end to the conflict in the former Yugoslavia. And our participation is commensurate to our means: UN forces in Bosnia include a Polish military contingent. This tragedy is also a warning, reminding us that similar conflicts could happen just about anywhere in Europe. This is a lesson we cannot afford not to learn if we intend to prepare for the future. And this is why Poland is so adamant about human and minority rights, and also why it supports the Balladur [French prime minister] plan for conflict prevention in Europe.

[Turowski] Two years ago, in your capacity as finance minister, you voiced some bitterness with respect to French-Polish relations. What is your point of view today as foreign minister?

[Olechowski] You could say that France and Germany have been our mentors within the European Union. The periodic meetings between the three countries' foreign ministers are the best testimony to this. Furthermore, these meetings are now supplemented by meetings between the defense ministers. Should France and Germany succeed in integrating Poland in the WEU [Western European Union], that would be proof that their efforts were effective.

[Turowski] And yet French companies seem strangely absent from Poland...

[Olechowski] While French companies are absent from Poland today, they will regret it tomorrow. Indeed, whatever the COFACE [French Insurance Company for External Trade] may think, Poland is no longer a risk-prone country. Those who invest now can be assured of very healthy returns.

#### MP's Stress Security During Talks in Moscow

WS0504130294 Warsaw TRYBUNA in Polish 5 Apr 94  
pp 1, 5

[Article by Wieslaw S. Debski from Moscow: "The Oleksy-Yeltsin Meeting"]

[Text] On Friday [1 April] at the Kremlin in Moscow, Jozef Oleksy and Boris Yeltsin discussed Polish-Russian cooperation and European security.

The Sejm speaker pointed to the need to prepare new agreements and treaties that would be more specific than the interstate treaty already in place because the state of our cooperation, especially economic cooperation, is poor.

Yeltsin agreed with these arguments and promised that he would personally see to it that Minister Andrey Kozyrev responds quickly and specifically to the proposals of cooperation presented in Krakow by Foreign Affairs Minister Andrzej Olechowski.

It seems that most important for the Polish members of parliament [MP's] were talks on European security for Poland and Russia. Even though no breakthrough was achieved in this area, the two parties discussed many controversial issues related to this subject. It is worth mentioning that Oleksy met with the Russian president, prime minister, and minister of foreign affairs. He also spoke with the members of three important committees (defense, international affairs, and budget) as well as four factions (on Friday—Yegor Gaydar's "Russia's Choice"). The Russians tried to win the deputies over to the concept of collective European security, based on the CSCE. All forces, including representatives of the reform camp (such as Sergey Stankiewicz and Oleg Bogomolov) were rather unenthusiastic about the "Partnership for Peace" initiative. There is still controversy in Moscow over the Partnership plan: Yeltsin's spokesman said on Thursday that the Kremlin still needs six or seven months to hold consultations on this issue; as early as the following day, Minister Kozyrev declared that his country would join Partnership for Peace in April.

However, the Russians' reluctance to accept the present concept of Partnership was clearly noticeable. They claim that the West is not treating them as an equal partner, "another architect of the new Europe," as Stankiewicz put it.

Jozef Oleksy kept saying, politely but firmly, that Poland sees guarantees for its security in NATO membership, and it will strive to achieve this goal, no matter how dissatisfied Moscow may be with such a solution.

Summing up the entire visit, the speaker said the following at a press conference: "This is not the Sejm's foreign policy. This is merely the implementation of the main points of the state's foreign policy. The parliamentary platform helps to promote dialogue between various parties and political forces in both states." This exchange of views will be continued, perhaps also at the meetings of MP's from the Weimar triangle (Poland, Germany, and France), with members of the Russian State Duma.

#### **Poll: 79% Favor Seeking NATO Membership**

PM0504152094 Katowice TRYBUNA SLASKA in Polish 31 Mar 94 p 4

[Article by "AWO": "We Want To Join NATO"]

[Text] The Partnership for Peace program does not guarantee us or other Central European countries membership in NATO. Even so, does it enhance our security? This question was put to a representative group of Polish citizens age 15 and over by the Public Opinion Survey Center. The answer is that most of us believe that Partnership for Peace is good for our security, as the table illustrates.

#### **Does Partnership for Peace enhance Poland's security?**

|             |            |
|-------------|------------|
| No          | 24 percent |
| Yes         | 66 percent |
| Hard to say | 10 percent |

A decisive majority of Poles believe that Poland should strive most energetically for NATO membership. Advocates of this option constitute 79 percent of respondents, while opponents of our association with the NATO pact represent only 7 percent of those questioned. The belief that NATO membership is a correct course for Poland increases along with respondents' attained level of education. Its most fervent champions are optimistic, affluent, and inclined to approve the changes that took place under Solidarity rule. Those who are discontented and pessimistic rarely advocate our membership in NATO.

The survey also provided an opportunity to investigate our views on our country's sovereign status. A little over 50 percent of those questioned believe that Poland is now fully sovereign and independent of other states. One in three respondents sees our situation as exactly opposite. This distribution of views has not changed for the past year. Residents of large cities are convinced of our sovereignty. Those who live in the rural sector and in smaller cities maintain a much higher degree of skepticism in this question. Discrepancies between views held by urban and rural dwellers are becoming progressively greater and embrace a number of other questions beside

the subject under discussion. It has not yet been ascertained whether this phenomenon is caused by differences in urban and rural mentalities or by divergent interests.

#### **Daily Views Walesa's '360-Degree Turnaround'**

WS0504161594 Warsaw ZYCIE WARSZAWY in Polish 5 Apr 94 p 4

[Article by Igor Zalewski: "How and Why Lech Walesa Made a 360-Degree Turnaround"]

[Text] In recent weeks, President Lech Walesa has launched an all-out attack on the postcommunists. The Belweder has opened attacks on many fronts. The most painful blow was the rejection of the candidacy of Dariusz Rosati to the post of deputy prime minister. Equally painful was the veto of the new Popiwek [tax on excessive wage increases] Law. The victim of the skirmishes with the Belweder turned out to be Zbigniew Siemiatkowski, for whom the door to the Ministry of National Defense was once again closed. The president also said that he had a "Wunderwaffe" [secret weapon] up his sleeve: He may or may not sign the budget. He is not concealing the fact that the reasons for making such a decision will be purely political. Walesa's reservations concern not really the budget itself but those who have passed it.

For the first time since the presidential campaign in 1990 and the first stage of his presidency, groupings coming from the Polish People's Republic have once again become Walesa's main enemy. As he delivered a blow to the Democratic Left Alliance [SLD], the president unfurled the anticommunist banners, which had gathered dust and lain in the Belweder completely forgotten. Walesa's statements started to include increasingly more of the anticommunist rhetoric that had been forgotten. He returned to the ideas of file-checking and decommunization, even though quite recently he has declared that he would not allow the political struggle to mean a series of revenge acts.

Most of the actors and observers of the political scene are close to expressing the opinion that the recent activities of Lech Walesa were the preliminary stage of his presidential campaign. One can suppose that, through this anti-SLD impetus, Walesa is hoping to kill two birds with one stone. First, he wants to clean the foreground in the race for the presidency: He is trying to weaken his most serious rival for this post. In line with the results of opinion polls, this rival is SLD Chairman Aleksander Kwasniewski. Second, he wants to build a camp supporting him, which would lead him to the presidency for the second time. Here the calculations are simple: Walesa thinks very highly of his personal prestige; however, he would like to back it with the support of the divided—but still quite strong—Solidarity camp. It so happens that the Solidarity parties are seeking a presidential candidate, even though they are not looking in the direction of the former Solidarity leader. Therefore,

Walesa has decided to take part in the bidding, and he is presenting his assets before he has been officially requested to do so.

On the first issue, Walesa achieved definite, though unexpected, success. The attack on Kwasniewski, which was carried out with the tacit support of Waldemar Pawlak (because Kwasniewski is also his rival in both the coalition and the future presidential campaign) yielded results. Even though the SLD survived the onslaught, the nerves of its leader were too weak. First, Kwasniewski, who was probably in despair, stated that he is ready to publicly renounce his presidential ambitions. Next, he blurred his image of a serious and open politician through his escapade with the help of a ladder. That ladder will probably be one of the greatest arguments in any negative campaign aimed at Kwasniewski, especially a television campaign because the escape of the SLD leader was recorded on magnetic tape.

Now one should perhaps expect a change in the direction of the presidential onslaught. If Walesa decides that Kwasniewski has ceased to be a serious countercandidate in the race for the presidency, he will deal with another politician from the list of his rivals. This politician is Waldemar Pawlak. If there is not a "clandestine agreement" between the president and the prime minister, the harmonious cooperation between them may turn into a ruthless fight. The beginning of this may be the president's veto of the budget. It would be a blow, first of all, to the head of government.

Even though Walesa is fairly successful in "cleaning the foreground," he has not had any success in building a political camp supporting him. The president can see that the main Solidarity circles do not really trust him. He can also see, however, that their support may prove to be very beneficial for him. After he called them "screwups," he started trying to win the favors of those groups: On one day, the right-wing coalition severely criticizes the new "popiwek"; on the next, the president vetoes this law.

During his term of office, the president performed a complete 360-degree turnaround, and today he is close to the position he was in back in 1990. His supporters of that time will probably not forget what came after that year. It will be difficult to say that Adam Michnik was wrong when he wrote the article entitled "Why I Will Not Vote for Lech Walesa"; he warned that this person was totally unpredictable.

Walesa may become the victim of his own style of wielding presidential power. He employed the strategy of weakening every political camp whose strength grew during his presidency. In the charged world of politics, the Belweder was a considerable force—disproportionately greater than its true power. The position of Walesa and the realm of his power were safe.

The first "victims" of Walesa proved to be his supporters, with whom he soon started to fight, supporting the so-called left pillar. The Suchocka government also

had problems with the Belweder. However, at a certain moment, these tactics proved false: The SLD and the Polish Peasant Party became very powerful. At this time, it has turned out that the president, with few supporters, may prove too weak. He needs a political camp, which he has himself dismantled and which he will have difficulty putting together.

His chances are very slim. His roads and the roads of the right wing have diverged too much. He will definitely not enchant the liberal camp by transferring political disputes to the economy. The Democratic Union will certainly not like his ideas concerning decommunization. Such arguments might only win over the most radical electorate: the supporters of Marian Krzaklewski, Antoni Macierewicz, and Jan Parys. However, they, in turn, feel the most intense hatred for the present head of state.

Walesa can count on only one thing—that the "post-August Poland" will not manage to find a candidate for the president and, not wanting any postcommunist politician in that post, it will support Walesa in an act of despair. In such a case, Walesa would once again prove strong because the others are weak.

#### **Rosati: Finance Ministry Vacancy Harms Economy**

*LD0604094394 Warsaw Third Program Radio Network in Polish 0800 GMT 6 Apr 94*

[Text] Dariusz Rosati, the coalition's candidate for the posts of deputy prime minister and minister of finance, has not yet made a final decision concerning the withdrawal of his candidacy for these posts. He said in our early morning program that this will take a few days. Rosati said that, at the request of representatives of both coalition parties, he has changed his earlier decision to resign as the candidate. In his opinion, failing to appoint someone to the post of deputy prime minister for economic affairs and minister of finance has aroused concern in Poland and abroad.

[Begin recording] [Rosati] My impression is that the situation is certainly not good when there is no one responsible for the economy, when there is no one with whom one can have responsible talks on what government policy will be in the near future, on how the government will try to resolve the situation concerning the pressure of demands for pay hikes, how the government will solve the problem of restructuring of the state industries, etc.

[Reporter Olejnik] Would you put your name to this budget?

[Rosati] I have already said that the budget bill, in fact the budget itself [pauses]... Is this what you mean?

[Olejnik] Yes, yes.

[Rosati] The budget is a compromise between needs and capabilities, and, personally, I think I would sign my name under this budget.

[Olejnik] And what is your opinion on the excess wage tax [Popiwek] law? As you know, the president has not signed this law.

[Rosati] I was against Popiwek from the very beginning, and I did not like the new version of the law, either. I favor adopting different solutions, as I have written before. However, at the moment, we are in the worst possible situation because we do not have any law, and we also do not know if there is going to be any law in the future. Consequently, there is an incentive here for work enterprises to take advantage of this short period, when there is a lack of any legal regulations, and introduce pay rises. [end recording]

[Announcer] Monika Olejnik was talking to Professor Rosati.

#### **OPZZ Chairperson on Budget, Strikes**

WS0604110094 Warsaw TRYBUNA in Polish 6 Apr 94  
pp 1, 7

[Interview with OPZZ Chairperson Ewa Spychalska by Dorota Bardzinska; place and date not given: "An Umbrella on a Hanger"]

[Excerpts] [Bardzinska] The All-Polish Trade Unions Agreement [OPZZ] backed the government in the budget ballot. Was this voting not very comfortable for the union?

[Spychalska] It was very difficult because the budget is extremely stretched, does not secure the fundamental needs, and, on top of it all, is not the full implementation of the program of the Democratic Left Alliance [SLD]. We understand that this is a four-year program, but the people, who are simply going through many hardships, do not really feel like waiting.

[Bardzinska] Why, then, did the union's deputies support the budget?

[Spychalska] No one can work miracles. We evaluated this budget and checked whether it was feasible and secure, whether it clarified the legal situation. We also analyzed how the budget distributed money for various purposes. The budget met all of these conditions. I must also say that the additional law that makes it possible to amend the budget is quite important.

[Bardzinska] Does your support for the budget mean that you have become a progovernment union?

[Spychalska] You are asking me whether we have placed a protective umbrella over the government? Well, we have not, among other reasons, because we publicly criticized all of the things we did not like about the budget.

[Bardzinska] When this government was only beginning its work, you used to say that the OPZZ would not give it even an umbrella handle....

[Spychalska] The budget issue is not at all a matter of protecting the government, but a matter of stabilizing the state and setting things in order. As the situation gradually improves and the budget's revenues increase, we will make efforts to improve social protection mechanisms.

[Bardzinska] The budget ballot was probably difficult for you personally as well, was it not? One of the deputy chairmen, who, according to some commentators, may be your rival, voted against...

[Spychalska] It is of secondary importance. Deputy Chairman Wisniewski underscored very clearly the lack of money for expenditures in the area of social policy because he happens to be dealing with these issues. He stated in public that increasing the deficit is not as dangerous as causing a social outbreak by the lack of that money. He has good reason to say so. However, if we look at this issue realistically, increasing the deficit means greater inflation. The latter, in turn, hits the poorest the hardest. It was difficult to persuade him to change his mind; he remained faithful to his views until the end. As a result, by the decision of the club, he was expelled from the SLD. [passage omitted]

[Bardzinska] How would you comment on the president's veto of the new popiwek [tax on excessive wage increases]?

[Spychalska] The president's action is in line with our unionist action—when we voted against this law.

[Bardzinska] What can you say about the talks between the OPZZ unionists and this government? Are they easier because the OPZZ deputies belong to the coalition?

[Spychalska] They are difficult. Government representatives are telling us: Why, you do know the program, so you should understand the prospects for its implementation. We certainly know that. However, we want this stated clearly in negotiations. We want an implementation schedule to be prepared and certain social minimums to be guaranteed.

Actually, I found it easier to discuss certain difficult issues, such as the problem of reclaiming, with the representatives of the Suchocka government—Minister Kuron and Minister Osiatynski. The issues of reclaiming have not been brought to an end yet because part of the statement by the Constitutional Tribunal was adopted by the Sejm, but it did not pass through the legislative path. Now, the committee that handles reclaiming issues is forwarding so many motions to us that they exceed the number of motions forwarded to us during the two years of governments not favorable to us. The unionists are

indignant and asking: Why is it so difficult to reach agreement? Or, what do we gain by being in the coalition?

Minister Miller told us that the committee is independent and is not in any way subordinated to him; he only ensures it administrative support.

[Bardzinska] Does the OPZZ support the idea of returning union property?

[Spychalska] Yes, it does. The controversial issue is only the problem of pricing.

[Bardzinska] Your deputy said that he is not satisfied with this government.

[Spychalska] I am not fully satisfied with it, either.

[Bardzinska] What are the reasons for this dissatisfaction?

[Spychalska] Talks with the government take too long. They are often too general, and there are not enough earlier agreements reached among the various ministries. Sometimes our government colleagues just cannot decide on a firm solution—in this or that way. However, it is high time they started doing it.

[Bardzinska] What does the OPZZ gain by being in the coalition?

[Spychalska] Not much, really. It is even a very troublesome situation for us, which we can feel rather strongly. [passage omitted]

[Bardzinska] What is your evaluation of the recent protests of Solidarity ["S"]?

[Spychalska] It is a pity that it all happened like this because the things that "S" demanded in its protest actions are the same issues we are discussing at the negotiation table with the government. Apart from that, any strike results in losses. People know perfectly well that there is keen competition on the market and that, when there is a stoppage in a company, the company's rival profits. Strike is a weapon that should be used as a last resort. If it is overused, it loses its strength; it simply ceases to be dangerous.

[Bardzinska] Did OPZZ unions take part in those protests?

[Spychalska] No, we did not approve of those activities. However, there was neither a recommendation to take part in the strikes nor a ban. Our organizations are legal entities and can decide their activities themselves.

In referenda, work forces were asked the following questions: Do you want to earn more? Are you satisfied with your living standard? Are you, then, ready to protest? Well, who would answer "no" to such questions? Therefore, I could see that the results of the referenda were not related properly.

[Bardzinska] Thank you for the interview.

### Silesia Solidarity: Protests To Continue

LD0504174194 Warsaw Radio Warszawa Network in Polish 1700 GMT 5 Apr 94

[Text] The presidium of the Silesia-Dabrowa Regional Main Board of Solidarity has met in Katowice. Regional Chairman Marek Kempski said that protest action will continue in the mining industry, and the way in which the government examines the trade unionists' demands will be of decisive significance for the fate of the protest action.

### Poll on Public Support, Propensity To Strike

WS0604152194 Warsaw RZECZPOSPOLITA in Polish 6 Apr 94 p 2

[Report by R.W.: "CBOS on Strikes; They Are Caused by Activists, Poor People Strike"—diagram appearing in original text not included]

[Text] The wave of strikes and protests across the country will increase, according to almost half (48 percent) of adult Poles questioned by the Public Opinion Research Center [CBOS] in mid-March, a few days after "Solidarity," in line with its February announcement, began a nationwide protest action. Almost two-thirds (63 percent) of respondents agree with the opinion that given the present situation, "staging a strike actually does not provide any results," and 70 percent object to the union's organizing a general strike. In comparison with February, the number of people approving strikes has decreased, which, however, does not apply to the group which most widely takes part in such protests—that is, among skilled workers.

Forty percent of respondents would be ready to take part in an organized strike at their enterprise. Thirty-eight percent of respondents might go on a so-called solidarity strike, that is, a strike which backs protests at other enterprises; 41 percent would be prepared to participate in a general strike against the government's economic policies.

Half of the respondents believe that strikes are most frequently caused by union activists. Every fourth respondent believes that activists announce strikes to avert an uncontrolled outbreak of dissatisfaction. Why do people take part in strikes? Almost half (46 percent of the respondents) say that the reasons are, first of all, political—an aversion for the present government. A little fewer (40 percent) of the respondents think that dominating factors are economic considerations—the desire to improve their material situation.

Regardless of the reasons, employees with low wages and those living on the brink of poverty (46 percent of respondents chose this answer) take part in strikes more often than employees with fairly good wages who would like to earn more (39 percent).

According to the respondents, most justified are the strikes of health-care employees (opinion of 64 percent of respondents), miners (55 percent), and teachers (43 percent). Support for the protests of railway workers, metallurgists, or employees of the arms industry is much weaker.

Among every hundred respondents, only eight believe that the protests of postal workers are justified; six—that the protests of municipal transportation companies are justified; and only two—that strikes by employees of the power engineering industry are justified.

Every second respondent believes that decisions concerning strike demands in state-run enterprises should be made by the directors of those enterprises; every fourth person thinks that such decisions should be left to the government.

The poll was conducted between 10 and 14 March on a representative sample of 1,228 adult Poles.

#### PSL Policies, Leaders, Goals Assessed

94EP0051A Warsaw *POLITYKA* in Polish No 10, 5 Mar 94 p 16

[Article by Janina Paradowska: "Taming the Peasant Party: A Ruling Party Still Desires Power"]

[Excerpts] Were a poll to be conducted nowadays among politicians from various parties, both those inside and outside the parliament, and were they asked a single question—namely, which political party is the greatest threat to market reforms and Poland's modernization—most would unequivocally name the Polish Peasant Party (PSL) and the Confederation for an Independent Poland (KPN). But, because the KPN suffered a defeat in the recent elections and is now perceived as a fringe party, the focus nowadays is on the PSL, a ruling party.

This is not a novel assessment of the PSL because that is how it has been perceived, more or less, for the past few years. Paradoxically enough, it has always been one of the most desirable partners for, properly speaking, all of the coalition governments, starting with the Tadeusz Mazowiecki administration and ending with the cabinet of Hanna Suchocka. During that entire period, the post-Solidarity groupings followed the same tactic of badmouthing the SLD [Democratic Left Alliance] and lauding first the ZSL [United Peasant Party] and then the PSL as a party that has won credibility, broken with its past, and is now an equal partner in the new democratic order. It could even be said that the PSL had no enemies.

Thus, the PSL owes its current standing to not only the economic situation and the ability of that party to flirt with every political alignment but also to its courting by many Solidarity politicians. They would say, "Without the PSL, Poland cannot be governed and the countryside modernized," and they attributed the defeat of the entire

Solidarity movement to, among other factors, its evolution into a large number of parties of the still nonexistent middle class and its failure to create a political grouping attractive to any substantial segment of the rural electorate.

#### A Painless Transformation

It is even my impression that for years there existed a strange belief that the PSL could be tamed by being gradually involved in governance and, on the occasion, made docile. Accordingly, the radical and claimant comments of PSL Deputies Jacek Soska and Włodzimierz Wiertel were viewed as mere curiosities, while substantive negotiations were under way with Aleksander Luczak, who was erroneously believed to be more representative of the dominant thinking within the PSL.

In such a situation, the PSL was bound to succeed, and this success has many fathers. To this day, the difference between the SLD and the PZPR [Polish United Workers Party] persists in social awareness, whereas the transformation of the ZSL into the PSL occurred so painlessly as to surely amaze its own members. It is simply that there has always been the PSL, whereas the ZSL became just one of the episodes in the history of the peasant movement. In the course of 100 years of existence of the peasant movement, there were as many as 45 peasant parties; the parties were short-lived, but people remained attached to the populist tradition. After all, some 100 members of the former Mikołajczyk [1945] PSL and entire field branches have been incorporated in the present-day ZSL, and, as even the most deserving ZSL activists say, "This shows clearly where our roots lie." Solidarity activists, who are in the opposition nowadays, judge otherwise; they say that, if there is any political party that remained unscathed by the recent period of tumultuous changes on the political scene and has retained its *nomenklatura*, it is the PSL, and they point out that, even among the social democrats, the internal changes have been more extensive.

The truth about the present-day PSL lies between these two extreme opinions, although it is immeasurably difficult to discover, owing to both the obvious tendency to erase the past and the greatly different ways of thinking about the future.

The most that is known about the party concerns its organizational status and structure, even though, for example, its officiating Deputy Chairman Wincenty Stawarz has offered the caveat that the related figures are incomplete and that he will have more information only a few months hence because "organizational status is being determined." According to available data, the PSL has a membership of 250,000, of whom an unknown proportion pay dues of 10,000 zlotys [Z] monthly (for retirees, the dues are Z5,000). Among that quarter-million, only some 10,000 are party activists, meaning members who respond to every call and who are "experienced activists, not rabble-rousers like Lepper." It is not known how many of them used to be ZSL activists.

Before 1989, the ZSL had a membership of about half a million, but on paper only, so to speak. After 1991 [its transformation into the PSL], it gained some 50,000 new members; this influx was undoubtedly due to the new proactivism among members of the former Mikolajczyk PSL, who brought in the young on their coattails. At any rate, PSL members are chiefly rural and small-town inhabitants. Farm laborers account for 10,000 and the intelligentsia, chiefly rural and small-town, for 20,000. In Warsaw, there are 3,500 members, and undoubtedly the nation's capital is a white spot on the PSL's map. The PSL's traditional strongpoints are in southern and south-eastern Poland. All of these figures appear inconsistent and incompatible.

#### No Debts

There are 49 voivodship PSL boards at present, and each maintains its own office. [passage omitted] In the opinion of other political parties, the PSL is a rich party precisely because it survived as a *nomenklatura* grouping under the new order. However, its headquarters on Grzybowska Street [in Warsaw] has a "homespun" and far from luxurious look, and there are about 20 persons, including clerical employees, on its salaried staff. In the field, most offices are exercised on a volunteer basis, and their directors are on half-pay.

The PSL prides itself on having no debts. It owes no money, but neither does it have money for publishing its own press, a dream of most of its members because many activists believe that the problems with achieving rapport with public opinion would be solved once the party publishes its own daily, that once the PSL publishes a newspaper of its own and has a press spokesman of its own, its media image would be improved. The matter is considered so important that one of the major and most heated discussions held within the PSL leadership after the elections specifically concerned appointing a press spokesman.

The image of a party greedy for power and offices and lacking a program of its own other than the promotion of [peasant] interests, an image propagated by both politicians and the media, does not for the time being seem to prevent the PSL from winning social support.

#### Without Beating About the Bush

The PSL is the sole party to have gained rather than lost since the elections. That is because, to the conservative rural and small-town electorate, it matters greatly that Waldemar Pawlak [PSL] is the prime minister, like [Wincenty] Witos [a popular prewar peasant movement leader], under whose portrait the prime minister liked to be photographed. [That electorate believes that Pawlak] is a good prime minister, but the liberals from the SLD—i.e., from the former PZPR—are obstructing him. Professor Mikolaj Kozakiewicz (PSL) put it as follows, without beating about the bush: "The PSL is suspicious and mistrustful toward all other parties. It cannot stand the Democratic Union and the Liberals, and, at the same

time, it finds the SLD unbearable because it feels hostile toward its previous master, and its recent experiences provide proof of dictatorial intentions on the part of the SLD."

The PSL is nowadays a party that undoubtedly is aware that most actors on the political scene perceive it as wielding destructive clout, and it believes such perceptions to be unjustified and exaggerated, but, at the same time, it still is unable to bring its potential to bear. Prof. Kozakiewicz said, "That party is strong in having Pawlak as the prime minister and in counting on becoming the sole ruling party and winning the elections to local governments, which should strengthen its standing for a long time."

But, what some see as strength others view as weakness. Janusz Piechocinski, who is for ideological reasons most critical of what has been happening within the party in recent times, views the PSL's drive toward political power as a sign of weakness. He said, "Since July 1992, 33 days after Pawlak became prime minister, the entire strategy of the PSL has been focused on returning to the building on Aleje Ujazdowskie. The dominant belief within the PSL is that we shall return there, and this is combined with the belief that, once we are in power, we shall be able to do something for the nation. The drive for political power has become so obsessive as to completely suppress the internal discussion, waged during 1988-91, on what kind of party the PSL should be—a broad kind of peasants' trade union or an increasingly broad-based rather than class-oriented political party."

Thus, while, on the one hand, the 33 days of Pawlak's prime-ministership afforded an opportunity for the PSL in that they awakened the hope, verging on certainty, that the PSL would become the helmsman of the ship of state, on the other, they killed the hope that the PSL would become a new kind of party. This problem is perceived most acutely by Mikolaj Kozakiewicz, who believes that, since then, a kind of authoritarianism, of belief that the party's reins must be held in the firm hand of its chairman, that no internal discussions are needed, has taken root within the PSL. The ideal of the party chairman is thus that most faithful of loyalists, Michal Strak, who even waged his electoral campaign under the slogan "I did not let the party chairman down, and I won't let you down, either." Prof. Kozakiewicz pointed out that in no other present-day political party is so much power concentrated in the hands of a single person as within the PSL. Thus, Waldemar Pawlak is at the same time chairman of the PSL, chairman of the PSL's parliamentary caucus, and the prime minister of Poland. The attack against the concentration of powers failed. But this does not mean that Pawlak can say, "The party, c'est moi."

Despite the evident unwillingness to engage in intraparty discussions, such discussions are under way, even if, doubtless, to a limited extent because it is clear to some

PSL leaders that a road must be chosen, that it is not enough to be a ruling party when experience in governing is limited.

Piechocinski pointed out, "In the 1991 elections, our slogan was 'The peasants to the parliament,' deliberately, because we knew that we had a chance by appealing to our most faithful followers, the peasants. As a result of these elections, a significant number of parliamentary seats was won by the PSL, largely owing to such frontline peasant fighters as Soska and Wiertek, symbols of struggle for the peasant cause."

In 1993, the electoral slogan of the PSL was, "Poland needs a boss," and the votes were garnered by Waldemar Pawlak, a capable man who mastered the political scene following the "portfolio crisis" [shifts in ministerial appointments] and who presented himself as a serious and responsible politician, critical of Solidarity governments but, at the same time, reasonable and calm.

Was the change in electoral slogans followed by a change within the party? No. The PSL remains an arena for contests among various program ideas, each supported by a different faction. Jacek Soska and Roman Jagielski support building a purely class-oriented party focusing chiefly on the defense of farm interests. In other words, they are turning back to the formula of a somewhat broader trade union of peasants. For his part, Kozakiewicz longs for a return to a leftist orientation of the PSL, but in a broadly based rather than a purely peasant edition. In his turn, Janusz Piechocinski supports a centrist, but also broadly based program, while Andrzej Micewski dreams of turning the PSL into a new Christian democratic party. But so far not one of these orientations has become predominant. However, history shows that, within both the ZSL and the PSL, a majority have always been greatly opposed to the concept of a party other than that based on a community of peasant interests, viewed to be sure in static rather than in dynamic terms. The desire to preserve the status quo in the countryside has always predominated over the desire to change that countryside and propose modernization programs for it.

#### A Lack of Ideas

Artur Balazs, who failed in his attempts to build a not so much peasant as populist party based on West European parties with populist roots and a broad social program, claimed that the only policy pursued by the PSL nowadays is to alleviate the burden of the reforms on farmers by getting them additional subsidies from the budget. "The PSL has no idea what should be done about the agrarian structure, even though it is known that some 25 percent of the farmers will not survive in the long run. A part of that 25 percent will have to be transferred to the agricultural service sector, and there is no help for it. Yet the PSL has not put forward any related institutional solutions, and it even fails to say that change is inevitable. This is simply immoral."

Balazs pointed out that the only institutional solution for the countryside was put into operation during the administration of Tadeusz Mazowiecki—namely, a system of old-age pensions for farmers, which incidentally was established without the participation of the PSL.

An opposition politician can always be suspected of subjectivism. But a similar critical tone is being sounded in the thinking and comments of PSL deputies, chiefly those more or less opposed to their party leader and his immediate entourage. In the interview he granted to POLITYKA, Jozef Zych admitted that the PSL's program is a collection of generalities instead of specific economic proposals. Kozakiewicz said plainly that, aside from the agricultural program, whose outline had been developed while the ZSL was still extant, the present-day PSL has no other program planks. "Pawlak as a politician reacts instead of initiating; if the ball flies toward him, he kicks it rather than pursuing innovative approaches," the professor claims. In Kozakiewicz's opinion, an exchange of ideas within the party is moribund. The party became intellectually stagnant once the periodical WIES WSPOLCZESNA, on which the ZSL's intellectual creme de la creme used to labor, ceased publication. Now the situation is further complicated by the fact that former ideologists hold high government offices, and there is no one to replace them within the PSL itself. Piechocinski is of the opinion that, precisely after those first 33 days, Pawlak had a chance to attract the young intellectuals from, say, the Agricultural Academy. At present, the PSL contains some intellectuals, but these are rather of the provincial kind, who need help in rising to higher rungs of the ladder and appealing to opinion-shaping circles, but the PSL has not availed itself of this opportunity because it is "focusing its effort on gaining political power, no matter who its partner might be."

When considered altogether, the opinions on various options available to the PSL at present indicate that the party has been placing emphasis on criticizing the policies of all of the governments so far without making any substantial effort to develop constructive "third road" proposals of its own. In ideological terms, we confine ourselves to dusting off agrarian slogans, although it is hard to say to what extent this is being done with the object of developing a new identity for the PSL by harking back to old prewar roots of the peasant movement, and to what extent this mirrors the belief, especially of the older party activists, that precisely a modified agrarianism offers that third road for Poland. Quite a few participants in the related discussions believe that it is the exploration of a new identity for the PSL that is of fundamental importance.

If, however, the planks of the PSL's program that are being so strongly exposed both on paper and in practice, if only in parliamentary practice, are to be characterized by a common label, that label would be principally leftist and closest to the program espoused by the Labor Union in the parliament—namely, labor first, capital second;

equal opportunity; social justice; and a confusing attitude toward privatization. All of this is laced with "Christian values," treated here quite instrumentally. Besides, the attitude toward these values within the PSL is authentically pluralist and sometimes subordinated to tactics of power plays. Thus, any intent to transform the PSL into a Christian-democratic party does not appear feasible, even though this orientation will certainly be present.

In all of my conversations concerning the PSL, with its activists and representatives of other parties, the same basic motif kept surfacing: The PSL nowadays is a ruling party and one still desirous of political power; this is its sole distinct image. There is room for change. There must be a sharper confrontation between the factions in favor of the PSL as a kind of peasant trade union and those in favor of a more broad-based party. Which one will be the winner? Prof. Kozakiewicz believes that, these days, practically no one within the PSL any longer believes that it can become a broad-based rather than a purely peasant party. In an interview granted to POLITYKA, Aleksander Kwasniewski said that he expects the victory of the conservative orientation within the PSL and the survival of that party as a mid-sized one with an electorate of some 15 percent of the total. Piechocinski is upset because the PSL is forfeiting the opportunity to offer a more broad-based program. Jozef Zych is worried because the PSL's leadership is being depleted by appointments to offices in the government. Kozakiewicz summed up, "So long as farmers believe in Pawlak, nothing will change within the PSL."

#### Prime Minister Meets With Trade Counselors

LD0604112994 Warsaw PAP in Polish 0944 GMT 6 Apr 94

[Text] Warsaw, 6 Apr—According to Waldemar Pawlak, in a few years' time, Poland will be free to shape its future. It is important, however, to "have the courage to fight for Poland's position in Europe," the prime minister emphasized during a meeting with trade counselors held in Rynia near Warsaw.

Polish trade counsellors from 28 European countries as well as the United States and China are taking part in the meeting.

Cooperation within the "Partnership for Development" program gives us a chance to develop economic cooperation abroad. We should make efforts to achieve cooperation that is well balanced within the region and open in all directions. He added that, in the near future, information will be a strategic commodity in trade and in economic activity.

Trade counselors' offices play a decisive role in the flow of information between Polish enterprises and their foreign partners. Unfortunately, according to the prime minister, there is no cohesive computer network to facilitate the flow of information.

#### Future of State Farming Sector Viewed

PM0604084694 Wroclaw SLOWO POLSKIE in Polish 29 Mar 94 pp 1, 3

[Interview with Wieslaw Dominik, acting director of the State Treasury Agricultural Property Agency in Wroclaw, by Krzysztof Debek; place and date not given]

[Text] [Debek] Are you here to save the state farms [PGR] or to liquidate them?

[Dominik] I am here to restructure the state sector in our agriculture. Our agency is a fiduciary organ, whose principal brief is to privatize state assets by selling them or renting them out.

[Debek] So, in the final account, it amounts to liquidation, does it not?

[Dominik] You could say so, although a special section, Section XIV, of the agency has been set up in Warsaw to represent agricultural enterprises of particular significance to the national agriculture, such as stock-breeding farms, plant nurseries, and seed-production centers. These will either remain under state administration or be transformed into joint ventures, with the State Treasury as the dominant shareholder. On the whole, however, local divisions of the State Treasury Agricultural Property Agency take over the PGR's in order to liquidate them. Here I should add that, during the transition period, the agency, as the owner, extends financial assistance to at least some spheres of the PGR's operation, such as housing, or, in justified cases, helps with the purchase of seed material or crop-protection products. After all, we must not allow freshly sown crops to go to waste, and banks no longer provide credits for the PGR's.

[Debek] You could get the impression that this is an ideological policy. Even the good PGR's are to be sacrificed because they are children of an ideologically incorrect system. The unfairness is compounded by the fact that most state farms suffer financial difficulties not because they have been incompetently or wastefully managed but as a result of the financial reform introduced by [former Finance Minister] Balcerowicz and the resultant astronomical interest on bank loans to agriculture, loans that are temporarily "frozen" in crop production and stock-raising ventures.

[Dominik] Agreed, but, in the first place, these debts are very real, and no one will relieve the PGR's of them. Agricultural farms in lower Silesia owe almost 1.5 trillion zlotys [Z] to the banks, the state budget, and their contractors. And, even if interest constitutes the lion's share of that debt, that does not change the picture. Second, there have always been farms that are more successful and those that are less so—and this not only because of differences in soil quality, equipment, or location but because of different management systems, varying degrees of care taken over their assets, or prudence in making major investment decisions. It is no

coincidence that, even in these difficult times, certain PGR's, mostly in Walbrzych Voivodship but also some in Wroclaw Voivodship, manage quite well on their own. The worst situation is currently with PGR's in Jelenia Gora Voivodship: All of them have by now lost their creditworthiness.

[Debek] That is because they operate under the most adverse climatic and soil conditions. The previous authorities in power deliberately subsidized such farms in order to provide work for people in the area and utilize land that, on ideological principles, could not be left uncultivated. In addition, in the last analysis, attention was paid to the output obtained from those farms—that is, to the tons of livestock and grain—rather than to their cost-effectiveness. In addition, certain capital investments that still place great financial burden on state farms today are the result of earlier decisions imposed on them by the central administration. Ambitious powers-that-be would stipulate, quite arbitrarily, that a dozen poultry farms be built in one place, a huge dairy farm in another—more often than not in the middle of nowhere—and a massive stock production unit for 5,000 beef calves. They gave the orders and provided the funds....

[Dominik] Even so, some farm managers were also very eager for their farms to be earmarked for such major investment projects. They were brilliantly skilled at justifying the financial and general economic profitability of such undertakings, and, later on, at manipulating the results so as to justify allocation of high bonuses for the economic effects. I was employed in such PGR's for 10 years, and I know only too well how things were.

[Debek] Such were the times and such were the conditions to which the PGR managers had to adjust. However, you are also aware that, regardless of the statistical manipulations of which they were guilty, given their trained cadres, their access to modern agrotechnology, and their financial resources, the PGR's provided models of modern agricultural technology and organization in Poland's rural sector. They were the first to introduce new varieties of crop plants and new stock-feeding systems; they persuaded the traditional peasant farmers that it was in their interest to apply fertilizers, to use crop-protection products, and so on. Who will assume the state's leading role in this capacity now, in our impoverished and fragmented rural sector?

[Dominik] The PGR's are being transformed, but they will not disappear from the map of Poland's economy. Only a proportion of our agricultural land will go into the hands of individual farmers and be submitted to fragmentation. The general principle is that whole farming complexes should be sold or rented in their entirety, together with the land, which should go with them on a rational basis. In this way, our rural sector will retain large and modern farming complexes. The only difference will be that they will be owned privately and managed in a better way. And, in general, they will be

able to remain whole precisely because they will be transformed: This is because they will be handed over by us to new owners without the burden of debts. That is precisely the chance they need! The debts will be taken over by the agency, and it will pay them off with money obtained from the profits it makes from the privatization scheme.

[Debek] But where are you going to find those hypothetical new owners? The book value of the assets of the PGR's under liquidation in Lower Silesia is estimated at Z5 trillion—and that is without the value of the land. Where are all the capitalists with enough spare money to put into such an uncertain financial proposition? Is it not symptomatic that, out of the 163 agricultural complexes taken over by the State Treasury, your agency has to date managed to liquidate only 18?

[Dominik] A vast proportion of our time is taken up with preparatory work: stock-taking, preparation of estimates, sorting out ownership documents and related paperwork, and so on. I can say that this year the process of ownership transformations will be definitely speeded up because we have already completed the documentation stage for many agricultural complexes. And there are enough prospective buyers already: More than 80 percent of auction sales we have organized recently ended with successful sale transactions. This also furnishes an answer to your other question: where to find the new owners with sufficient money. Prospective renters at PGR auctions are usually people who are already associated with the PGR's. They most often form employees' joint ventures, and they find the necessary funds by borrowing money—sometimes even against the expected harvests. This is because they must, of course, have the required 10 percent for the initial down payment and for the first installment, just as they must produce for us guarantees that they will be able to pay the following installments. Apart from that, we are willing to help them by negotiating the terms with them. This is, after all, in the common interest of the agricultural complexes, the agency, and the PGR work forces....

[Debek] Precisely. There are 12,000 people employed in the PGR's. For them, a PGR is not only a place where they work but also provides them with a whole environment—they live in PGR housing, their children used to go to PGR kindergartens, the PGR gave them the sheds in which they kept their hogs and the strip of field where they could grow their own potatoes, and each family was given its quota of milk from the farm's dairy.

[Dominik] Of course. And it was such social welfare schemes that finished off the state farms.

[Debek] But what will happen now? A new owner will take over the farm. He will work out that it would not be worth his while to raise cattle, and so he will dismiss his farm workers. He may at best promise them some seasonal work during the grain or potato harvest....

[Dominik] Not at all. One of the terms of the rent agreement is that all of the farm employees must have

their jobs guaranteed for at least one year. What is more, the amount of rent payment offered by the potential leaseholder does not necessarily have to be the decisive argument in his favor against other candidates. It is equally important whether he can offer guarantees of maintaining the farm's full production profile. We will sign lease contracts only with those candidates who can offer us fully credible assurances that they will keep these terms.

[Debek] In other words, they have to guarantee that they will cultivate the land, grow crops, and refrain from slaughtering all of the livestock on their farms and viewing the land solely as a profitable capital investment?

[Dominik] Precisely.

[Debek] Thank you for talking to us.

**Serbian President, Jovanovic Arrive for Talks****Iliescu, Milosevic Hold Talks**

*AU0504110994 Bucharest Radio Romania Network in Romanian 1000 GMT 5 Apr 94*

[Text] Slobodan Milosevic, president of the Republic of Serbia, is in our country for a one-day visit. About one hour ago, the first round of talks between Presidents Slobodan Milosevic and Ion Iliescu, which was attended by members of the two delegations, ended at Cotroceni Palace [presidential headquarters].

They approached various aspects of bilateral relations, the current stage of the peace negotiations on former Yugoslavia, and aspects of their finalization. They emphasized the good relations between Romania and Serbia and the two countries' actions toward instilling a climate of peace and security in the Balkans and achieving multilateral cooperation after the peaceful settlement of the conflicts in the region.

Our correspondent reported that the talks between the two presidents are to continue through a working lunch and in the afternoon at Cotroceni Palace.

About 40 minutes ago, President Slobodan Milosevic laid a wreath at the monument to the unknown hero in Carol Park, after which he held talks with Prime Minister Nicolae Vacaroiu.

President Milosevic's schedule also includes a meeting with representatives of the ethnic Serbs living in Romania and a joint news conference to be held with the Romanian president.

At 1600 Romanian Foreign Minister Teodor Melescanu is to hold separate talks with his Yugoslav counterpart, Vladislav Jovanovic.

**Melescanu Meets With Jovanovic**

*AU0504132994 Paris AFP in English 1256 GMT 5 Apr 94*

[Text] Bucharest, April 5 (AFP)—Romanian Foreign Minister Teodor Melescanu said Tuesday that he hoped Serbia would make an effort in peace negotiations on Bosnia and in turn be rewarded with lighter sanctions. President Slobodan Milosevic and Foreign Affairs Minister Vladislav Jovanovic of Serbia were on an official visit to Romania Tuesday.

In an interview with AFP, Melescanu said: "The Serbs can not and must not stay outside of the peace process." He referred to the recent accord forming a Moslem-Croat federation in Bosnia which the Serbs refused to join.

He said that if the Serbs agreed to form some kind of relationship with the new federation, sanctions imposed on rump Yugoslavia should be eased. "The goal of the embargo is not to create useless suffering but to

encourage a peaceful solution to the conflict," he said. "One must use the carrot as well as the stick."

He said Bucharest has a direct interest in a peaceful end to the conflict. Romania has lost nearly seven billion dollars in trade since the sanctions against Serbia and Montenegro began two years ago.

**Milosevic: Sanctions 'No Longer Justified'**

*AU0504152594 Bucharest Radio Romania Network in Romanian 1300 GMT 5 Apr 94*

[Text] Today, at Villa Lac-2, Serbian President Slobodan Milosevic held talks with Romanian Prime Minister Nicolae Vacaroiu. The talks were attended by the ambassador of the Federal Republic of Yugoslavia [FRY] to Bucharest.

A press release that was faxed to us a short while ago says that during their talks President Slobodan Milosevic—after outlining the high level reached in bilateral relations before the introduction of economic sanctions against the FRY—expressed his conviction that those sanctions will soon be lifted because, considering the recent evolution of the political situation in that area, they are no longer justified. Anticipating that moment, impatiently looked forward to not only by Serbia but also by its neighbors, who are severely affected by the embargo imposed by the international community, it is necessary that ways of cultural, scientific, and educational cooperation should be examined now, whereas after the partial or total lifting of the sanctions cooperation between Serbia and Romania should also be extended to industry, investments, finance, and commerce, so that within a short time the level of bilateral exchanges should equal or surpass the previous levels, the guest stressed.

In turn, Vacaroiu pointed out that Romania has strictly observed the international embargo imposed on the FRY but it also consequently acted by intervening at international fora for the reduction of the level of those sanctions, especially considering recent political evolutions that give reason to hope for the peaceful settlement of the conflicts that broke out with the dismembering of the former Yugoslav Federation. The consequences of the embargo were drastic for Romania as well, especially because they came in addition to the difficulties emerged in the process of economic reform and industrial restructuring currently under way in our country. A number of enterprises, the Romanian prime minister emphasized, which used to work in cooperation with Serbian firms had to suspend their activity, which accentuated the decline of our industrial production and amplified unemployment.

During their meeting, the parties agreed to examine, at the level of a joint commission, possibilities of resuming, as soon as possible, bilateral economic and commercial relations, once the level of the international sanctions imposed on the FRY is diminished or the sanctions are totally lifted.

### Iliescu on Expanding Relations

AU0504210194 Bucharest Radio Romania Network in Romanian 1900 GMT 5 Apr 94

[Statement by President Ion Iliescu at the opening of a joint news conference with Republic of Serbia President Slobodan Milosevic in Bucharest on 5 April—recorded]

[Text] We have hailed the presence of President Milosevic in the context of the good and traditional relations that are prevailing between our countries. In the past four years since the December 1989 revolution, there have been numerous contacts between us. President Slobodan Milosevic is visiting Romania for the second time. He visited Romania in 1992 and I have visited Belgrade twice in this period. Our relations have a longstanding tradition and are positive from every point of view. Throughout history, including the more recent history, Serbia and Yugoslavia have been Romania's best neighbors. We have never had conflicts or any type of dissensions. There have always been feelings of friendship and solidarity in relations between our peoples. These relations continued to develop after the December 1989 revolution and the economic relations between our countries also registered an upward course until the establishment of the embargo.

First of all, we followed with great concern and awareness the tragedy that people in the former Yugoslavia and in the republics which have emerged in Yugoslavia had to face and are still facing today. We believe that it is a real tragedy that our neighbor has had to face and this human tragedy still continues. We have always believed that the only solution is to find ways out from the state of conflict solely through political and peaceful means. The way of force, of military conflict, or of taking measures such as the embargo—which is also a measure of force—are not meant to ease actions of finding solutions to the problem. On the contrary. The situation in Yugoslavia has just confirmed this.

Therefore, we have hailed all elements of realism that have appeared in the meantime and that are aimed at supporting the efforts made by internal forces, which are directly interested and are the only ones able to find the best ways to solve this conflict.

During our talks, we tried to find out in what way the leadership of Serbia regards the evolution of the situation in Yugoslavia, including the conflict in Bosnia, and the effort made to find political and peaceful solutions to problems.

We have also discussed bilateral relations and preparations made by the two sides for the period that will follow the lifting of the embargo, because we believe that, in the situation that has been created today in the area of the former Yugoslavia, the lifting of the embargo is an important element in the process of creating premises for finding peaceful solutions to the conflict.

We also expressed the belief that we should be prepared, so that immediately after the lifting of the embargo we should be able to resume normal relations in the economic area and be able to diversify and revive these relations.

In 1992, until the embargo was imposed, for five months the volume of exchanges between our countries reached over \$260 million. We estimate that after the lifting of the embargo we will be able to reach easily a volume of \$1 billion in our bilateral relations, even as early as the first year after the embargo. Likewise, we believe that the positive relations between our countries, under conditions of peace in the region of former Yugoslavia, will be a stabilizing, positive, and constructive factor in our efforts to develop dynamic economic relations in our area, with all the new states that have been formed on the territory of the former Yugoslavia, and with Bulgaria, Greece, and the other neighboring countries in our region. Thus, we wish to make preparations for such prospects.

In the same spirit we discussed the issue of finalizing the process of drafting the text of a treaty of friendship and cooperation between our countries, which should be concluded in the near future and should be signed at an appropriate time, within a framework that we are going to establish mutually.

Hence, we believe that the visit paid by President Slobodan Milosevic to our country and the talks we have held represent a significant political element for the relations between our countries and a constructive factor in the joint efforts aimed at promoting a climate that is favorable for the normalization and development of a political climate in this region of joint interest.

### Milosevic on 'Excellent' Relations

AU0504183594 Belgrade Radio Beograd Network in Serbo-Croatian 1700 GMT 5 Apr 94

[Statement by Serbian President Slobodan Milosevic at a news conference in Bucharest on 5 April—recorded]

[Text] In brief, our mutual relations could be described as very good, I would even say excellent, but we still expect them to continually and constantly improve. There are many mutual interests, as well as numerous reasons for that. A few minutes ago President Iliescu mentioned some figures. These are our joint modest estimates of the possibilities for developing our cooperation. This is why it is absurd that presently we cannot realize much of that and improve the standard of living and our economies, because of the administrative measures and sanctions that represent an anachronism at the end of the 20th century, and which were unfortunately imposed by the countries that consider themselves to be more cultured and more civilized.

However, I am convinced that life itself will bring down such an approach, which is not civilized and which runs counter to the basic laws of the modern world that is

integrating and uniting itself, the world that is permeating itself. In other words, the world that is opposite to these processes will have to go where it belongs, into the inglorious past, and I hope, will do so very quickly.

In any case, I am sure that regarding our country and friendly Romania, both sides will maximally contribute to this. There is no doubt, and this is something we jointly concluded today, that good mutual relations between our two countries represent an important factor of stability in this region. We rate our mutual cooperation very highly. We rate very highly the objective approach by Romania and President Iliescu to the problems of the Yugoslav crisis and believe that there is every reason for our cooperation in future to only improve and increase in the interest of both peoples and both countries.

We are very satisfied with everything we heard and saw and we are convinced in the success of our mutual cooperation.

#### Milosevic Addresses Journalists

AU0504203794 Belgrade RTB Television Network in Serbo-Croatian 1840 GMT 5 Apr 94

[Report on a news conference by Serbian President Slobodan Milosevic and Romanian President Ion Iliescu in Bucharest on 5 April; from the "Aktuelnosti" program—recorded]

[Excerpts] [passage omitted] [Milosevic] My associates and I are very pleased to have had the opportunity to visit Bucharest today, to visit the capital city of Romania with which we are linked with long historical friendship, and many joint interests. The very fact that the Serbs and the Romanians have never fought a war and that they have always had very good relations would be insufficient to describe the content of our wishes for the future, because what we expect from the development of our cooperation in the future, I hope will exceed by far our mutual very friendly and very good relations so far.

The focus of our talks was, therefore, bilateral relations and I could say that there is literally not a single sphere of activity on which we did not agree regarding our future cooperation.

In brief, our mutual relations could be described as very good, I would even say excellent, but we still expect them to continually and constantly improve. There are many mutual interests, as well as numerous reasons for that. A few minutes ago, President Iliescu mentioned some figures. These are our joint modest estimates of the possibilities for developing our cooperation. This is why it is absurd that presently we cannot realize much of that and improve the standard of living and our economies, because of the administrative measures and sanctions that represent an anachronism at the end of the 20th century, and which were unfortunately imposed by the countries that consider themselves to be more cultured and more civilized.

However, I am convinced that life itself will bring down such an approach, which is not civilized and which runs counter to the basic laws of the modern world that is integrating and uniting itself, the world that is permeating itself. In other words, the world that is opposite to these processes will have to go where it belongs, into the inglorious past, and I hope, will do so very quickly.

In any case, I am sure that regarding our country and friendly Romania, both sides will maximally contribute to this. There is no doubt, and this is something we jointly concluded today, that good mutual relations between our two countries represent an important factor of stability in this region. We rate our mutual cooperation very highly. We rate very highly the objective approach by Romania and President Iliescu to the problems of the Yugoslav crisis and believe that there is every reason for our cooperation in future to only improve and increase in the interest of both peoples and both countries, and in the interest of this part of Europe.

We will leave Bucharest very satisfied with everything we heard and saw and we are convinced of the success of our mutual cooperation. [passage omitted on Iliescu answering a question on the founding of the Yugoslav-Romanian Friendship Society]

[Predal, in Romanian with passage-by-passage translation into Serbo-Croatian] Bogdan Predal of ASSOCIATED PRESS. Mr. President, there are some speculations in the international press that the regular army of Yugoslavia is operating around Gorazde. Could you confirm these reports?

[Milosevic] There are, of course, no Yugoslav army members outside the territory of Yugoslavia. The UN officials on the ground know that. However, the problem of Gorazde raises another question. We are undoubtedly talking about a fierce offensive by the Muslim forces from the so-called protected zone, which, according to the very definition of a protected zone, should be demilitarized.

Therefore, one should raise a question of how this was possible at all, and whether it will finally become clear as to who is currently carrying out this offensive, and with what aim. Therefore, your question was well formulated when you said that there are some speculations. It is therefore correct that we are taking about speculations and not facts. [passage omitted]

Regarding the question that was addressed to me, there is no doubt that the stands taken toward the Yugoslav crisis have seriously compromised the system of the United Nations and the international community, because the UN Charter itself obliges the United Nations to preserve the integrity of its member-states. In the case of Yugoslavia, and especially when it introduced the sanctions, the United Nations in fact acted in the opposite direction. It encouraged disintegration and secession, and punished and attacked those who wanted to preserve and save their country.

The United Nations went even further than that. I think that one of the absurdities at the end of the 20th century will be the fact that a nation was accused of aggression on its own country. Therefore, one should not look for any logic, since there is no logic here. Everything that has been done was exclusively done according to the rule of the stronger.

Peace will be established when the international community adopts the same, or at least an approximately equal stand toward all sides in the conflict, and when it at least modestly moves toward its main declared principle of non-partiality. As far as we are concerned, it would have been best if they had never gotten involved in it at all, because this involvement only harmed us.

Regarding the direct question as to whether Romania is contributing to the improvement of this situation, my answer is affirmative.

[Rodin, in Romanian with passage-by-passage translation into Serbo-Croatian] Michaela Rodin of AGENCE FRANCE-PRESS. Mr. Milosevic, were you prepared to support the agreement between the Muslims and the Croats, and would the Serbs join the federation?

[Milosevic] A country's constitution and its setup are considered to be an expression of sovereignty of a nation in all countries. I personally do not believe much in the future of the creations nor constitutions that are imposed from outside. However, as far as I am personally concerned, I wish them all the luck.

Regarding the Serbian people, they have gotten used to writing their own constitutions in the past and to decide on their own fate, and this will remain the case. We are a free people and this is the greatest value that we place before all other values.

#### Milosevic Assesses Visit, Departs

AU0504181394 Bucharest Radio Romania Network in Romanian 1700 GMT 5 Apr 94

[Text] The last point in the program of the visit that Serbian President Slobodan Milosevic made Bucharest was the meeting of the two heads of state with representatives of the mass media at Cotroceni Palace.

The two heads of state, Ion Iliescu and Slobodan Milosevic, stressed the fact that this summit visit is a significant political event in the traditional bilateral relations and a constructive factor in promoting a favorable climate for the establishment of stability in the area.

President Slobodan Milosevic expressed his particular satisfaction with the results of the visit and said that the viewpoints expressed on this occasion were quite close and they proved a mutual understanding of bilateral and international issues that are of great interest to both sides.

Likewise, the sides recalled the efforts made by the two countries to support and stimulate the peace process in the area of the former Yugoslavia.

President Ion Iliescu said that the only way to emerge from the current situation of conflict is through peaceful political means and not by resorting to the application of forceful measures.

In turn, President Slobodan Milosevic positively stressed the role played by Romania in developing relations in the region, commending the objective way in which our country approached the current situation.

The sides recalled the efforts made by the two countries to return to normal bilateral relations after the sanctions imposed on Yugoslavia by the UN Security Council are lifted and the conflict in the area is extinguished.

Answering a question asked by a journalist, the Serb President categorically denied the involvement of regular Serb troops in the conflict in Bosnia, however, he accused the Muslims of an offensive against the Serbs in the area. Referring to the recent establishment of the federation of Croats and Muslims in Bosnia, President Milosevic declared that it is important that this federation should not harm the interests of the Serb side, which is in no way engaged in its operation.

At around 1900 the Yugoslav guest left for Belgrade.

#### Melescanu Opposes Russian Troops in CIS States

AU0504133194 Paris AFP in English 1300 GMT  
5 Apr 94

[Text] Bucharest, April 5 (AFP)—Romanian Foreign Minister Teodor Melescanu said Tuesday it was unacceptable that Russia should billet peacekeeping troops in former Soviet republics that are now independent states.

In an interview with AFP, Melescanu said Russian peacekeeping operations should be carried out only in accordance with the United Nations and the countries involved. "The presence of Russian military forces in countries that have declared their independence is a principle that we cannot accept," he said.

Russian troops are stationed in neighboring Moldova where separatists of Russian origin have declared a republic. Romania has historic and cultural ties with Moldova. Most of Moldova belonged to Romania until the area was annexed by the former Soviet Union in the 1939 peace pact between Stalin and Hitler.

"We understand Russia's worry about the Russian minorities that live in former Soviet republics. But for their protection, European diplomatic mechanisms must be emphasized instead of military means," Melescanu said.

There is to be a summit meeting between Russian and Romania later this year.

**Serb Leader Deplores Prijedor Incidents***LD0504154894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1435 GMT 5 Apr 94*

[Text] Sarajevo, 5 Apr (TANJUG)—Vladimir Lukic, prime minister of the Srpska republic, told TANJUG today that the authorities of the Srpska republic have taken all measures to bring to justice the perpetrators of the deplorable events in Prijedor as soon as possible.

"Some international humanitarian organizations were in a rush to make the Prijedor events into a spectacle, with the clear intention of accusing the authorities of the Srpska republic of attempting to carry out a systematic eviction of the Muslim population," Lukic said. He added that although there have been some excesses, the civilian and military authorities of the Srpska republic have been doing everything to minimize their number.

"It is regrettable that the international humanitarian organizations do not see the real state of affairs on the territory of former Bosnia-Herzegovina. It is a fact that the human rights of Serbs living in Muslim and Croat territories are under much greater threat," Lukic said, citing as an example the position of the Serbs in Sarajevo, Konjic, Zenica, and Tuzla.

He stated that the best confirmation of the situation regarding human rights and the rights of national minorities is the fact that many Muslims do not wish to leave the territory of the Srpska republic, because they feel completely safe and protected.

**'Crisis of Authority' Among Serb Leaders Viewed***AU0504133894 Paris AFP in English 1338 GMT 5 Apr 94*

[Article by Maurice Lubatti]

[Text] Geneva, April 5 (AFP)—Apparent swings in policy regarding the enclave of Gorazde and the non-Serb population in the Banja Luka region suggest there could be a crisis of authority among the separatist Bosnian Serbs, diplomats at the Conference on Yugoslavia said here Tuesday.

"Just when there appeared to be a process of normalisation under way, with some spirit of reconciliation among the Bosnian Serb authorities, everything has been thrown into question with this upsurge in tension," a negotiator here said on condition of anonymity.

A week-long Serb onslaught on the eastern Bosnian enclave of Gorazde, and a last-minute reversal on the proposed evacuation of several thousand non-Serbs from the northern town of Prijedor following a massacre last week, have thrown the spotlight onto possible divergences among the Serb leadership.

Differences have long been known to exist between separatist hardliners, mainly in the army and in the Serbs' Banja Luka stronghold, and supporters of

Radovan Karadzic, leader of the self-proclaimed Serb Republic based at Pale, just outside Sarajevo.

These differences are seen as the most likely cause of the latest developments, the most astonishing of which was Karadzic's volte-face over the evacuation of up to 6,000 Moslems and Croats from Prijedor, scheduled to take place on Tuesday.

On Sunday Karadzic gave written orders authorising UN and Red Cross officials to proceed with the evacuation, demanded by the non-Serb population of the region which had been terrorised by Serb militants.

Then on Monday he vetoed the agreed figure of 6,000, saying that such a large-scale evacuation was unnecessary since, he said, measures had been taken to protect civilians in Prijedor. The operation was postponed as a result of the reversal.

The fighting in the Gorazde region comes after a ceasefire was agreed between Bosnians and Serbs in Sarajevo.

Rivalry between Serb civilian and military authorities is also seen as the likely explanation for such incidents as the theft of parcels at Banja Luka, or the confiscation of food supplies destined for the northern enclave of Maglaj.

The commander of Bosnian Serb forces, General Ratko Mladic, seen as the most militant of hardliners, currently spends the bulk of his time in the Banja Luka sector rather than at Pale, diplomats noted.

Unconfirmed reports here indicate that Mladic has fallen out with Serbian President Slobodan Milosevic, Karadzic's sponsor in the Bosnian conflict.

European Union negotiator Lord Owen said last week that at his last meeting with Milosevic he had found the Serbian leader more amenable to a negotiated settlement to the conflict. Serbia has been severely hit by economic sanctions imposed on Belgrade in May 1992.

**Muslim 'Offensive Activities' Reported***LD0504194594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1755 GMT 5 Apr 94*

[Excerpt] Banja Luka, 5 Apr (TANJUG)—Muslim forces have resumed their offensive activities against Serb lines in the zone of responsibility of the First Krajina Corps of the Srpska republic army today, the information service of the corps said in Banja Luka this evening. The strongest Muslim attacks have been registered at the Ozren battlefield, particularly at its southern part in the Vozuca area.

Reinforced by fresh units and with artillery backing, Muslim forces attempted to break through the Serb lines at this part of the front.

The Teslic battlefield was not peaceful today either because of fierce attacks by the Muslim army on almost all parts of the front in which 82-mm mortars, and

antiaircraft and infantry weapons were used. The fiercest attacks were launched northeast of Teslic.

Muslim attacks were resumed west of Doboj and 82-mm mortars were used. [passage omitted]

#### **Serbs, UN Officials Agree on Humanitarian Issues**

*LD0504202094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1933 GMT 5 Apr 94*

[Text] Sarajevo, 5 Apr (TANJUG)—Nikola Koljevic, vice president of the Srpska republic, had a meeting in Pale this afternoon with the UN secretary general's envoy (Sergio de Melo) and with Andreas Kuhn, delegate of the International Committee of the Red Cross [ICRC].

The talks that took place on this occasion referred to the situation in Prijedor and Gorazde and to ways of improving the humanitarian situation in former Bosnia-Herzegovina.

We agreed to make it possible for the people who wish to leave the territory of the Srpska republic to do so. We will provide the necessary security measures and guarantees. Those who wish to stay will be protected by the Serb authorities, Koljevic said after the talks.

Koljevic also said that the representatives of the international organizations were told that the Serb authorities insist on the Serbs in Sarajevo, Tuzla, and central Bosnia being given the same treatment, including the right to leave Muslim-controlled territory, if they so wish.

He added that the Srpska republic's authorities will discuss all possibilities for giving ICRC representatives access to Gorazde as soon as possible.

The UN secretary general's envoy said that "this is not a time for dangerous military activities" and that "the most important thing is the protection of the Gorazde area."

The ICRC representative said the agreement that was reached will "satisfy both sides and will provide the answer to the question of how to solve the situation in Prijedor."

He also said that a number of "specific measures for improving the humanitarian situation in Gorazde" have been agreed and that the ICRC intends to send food and medicine there as soon as possible.

#### **Izetbegovic Discusses Sandzak With Ugljanin**

*AU0504204194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 5 Apr 94*

[Text] Today, Presidency President Alija Izetbegovic received Dr. Sulejman Ugljanin, chairman of the Sandzak Muslim National Council, who had taken part in the work of the Assembly of Bosnia-Herzegovina.

Dr. Ugljanin informed President Izetbegovic about the serious situation in Sandzak and the demand the Muslim National Council sent to the international peace conference on the former Yugoslavia for the Sandzak problem to be solved simultaneously with the solving of other issues that the conference deals with.

In the conversation with Dr. Ugljanin, President Izetbegovic pointed out that our fellow countrymen in Sandzak are considered part of this Bosniak people of ours and that we here are all vitally interested in their destiny.

#### **Srpska Army Continues Offensive in Gorazde**

*LD0604085094 Belgrade TANJUG Domestic Service in Serbo-Croatian 0736 GMT 6 Apr 94*

[Text] Cajnice, 6 Apr (TANJUG)—Joint forces of the army of the Srpska republic this morning continued offensive actions from the direction of Cajnice and Foca towards Drina in an attempt to liberate Serb villages in the area of Podkozara, the command of the Srpska army in Cajnice has announced.

The turnabout in fighting in the Gorazde, Foca, and Cajnice triangle took place yesterday afternoon when the Serb fighters smashed the eight-day offensive of the Muslim army, which is in a panicked retreat towards the River Drina.

Without suffering any losses, the Serb fighters liberated the village of Biljin, half a km away from Vitkovici, in an unstoppable attack from the direction of Paljika and Trebinjaca yesterday evening, the command says.

Military police are deployed on the bridge in Vitkovici and are preventing the retreating Muslim soldiers from crossing to the left bank of the Drina River.

The command of the joint forces of the Srpska army says that the Muslim army yesterday suffered huge losses in manpower, thus denying reports by Muslim media about civilian casualties.

#### **Rose Cancels Trip; Commanders To Meet**

*AU0604120094 Paris AFP in English 1149 GMT 6 Apr 94*

[Text] Sarajevo, April 6 (AFP)—UN commander General Michael Rose has cancelled a scheduled visit to the Moslem-held eastern enclave of Gorazde where a Serb offensive is under way, UN spokesman Major Rob Annink said.

Annink said the visit had been called off because Serb military chiefs had agreed to hold peace talks on Wednesday afternoon [6 April] at Sarajevo airport.

The commander in chief of the Bosnian Serbs, Ratko Mladic, was to meet with his opposite number in the Bosnian Moslem Army, Rasim Delic, Annink said.

### TANJUG on Postponed Visit

*LD0604122894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1107 GMT 6 Apr 94*

[Excerpt] Sarajevo, 6 Apr (TANJUG)—British General Michael Rose, commander of UNPROFOR [UN Protection Forces] forces in the former Bosnia-Herzegovina, has postponed his visit to Gorazde because of bad weather and the snow which has been falling for 10 hours now in the area of Romanija and eastern Bosnia.

The decision to postpone the visit was made after today's brief meeting between Rose and Ratko Mladic, commander in chief of the army of the Srpska republic, in Pale.

At the same time, it was agreed that the team of military experts in Gorazde be strengthened by a further nine officers of the international forces.

After his meeting with Mladic, Gen. Rose went to the Muslim part of Sarajevo. [passage omitted]

### Izetbegovic Letter to UNSC Members

*AU0504201794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 5 Apr 94*

[Text] We have just received the letter that Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, has sent to members of the UN Security Council [UNSC] and the Council chairman (?for April).

Esteemed Sir, by the decision of Security Council Resolution Number 824 that your country also voted for, Gorazde was proclaimed a protected zone. However, on 30 March, the Serbian aggressor launched an offensive on this town, using artillery and tanks. Using their huge advantage in weapons and military hardware, Karadzic's Serbs have already taken some villages on the outskirts of the protected zone, setting to fire everything they reached. The exact toll among civilians is still not known, but it is certainly very high.

Esteemed Mr. Ambassador, in compliance with the seriousness of the situation, please demand for Resolution 824 to be consequently implemented, for further attacks at Gorazde to be immediately stopped, and for the attackers to be forced to withdraw to the lines that the protected zone had at the time it was proclaimed, that is, on 5 May 1993.

This is written in the letter President Izetbegovic sent to the chairman and members of the Security Council.

### Presidency Views Situation

*AU0504194894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 5 Apr 94*

[Text] The Presidency of Bosnia-Herzegovina devoted today's session almost completely to the military situation in Gorazde. Military and political measures have started and are continuing with a view to stopping the offensive on Gorazde.

Last night, Alija Izetbegovic, president of the Presidency of the Republic of Bosnia-Herzegovina, had a telephone conversation with Victor Jackovich, U.S. ambassador to Bosnia-Herzegovina, who is in Washington at the moment, and U.S. special envoy Charles Redman. Contact has been established with U.S. Secretary of State Warren Christopher, who will inform U.S. President Bill Clinton about the (?Serbian)-Montenegrin offensive at Gorazde.

Contact has been established with Akashi, special envoy of the UN secretary general, as well as with General Rose, UNPROFOR [UN Protection Forces] commander in Bosnia-Herzegovina. They were invited to come to Sarajevo. Gen. Rose is expected to come today and Akashi is expected to come tomorrow.

At the demand of Bosnia-Herzegovina, consultations of the members of the Security Council were held last night. It is worrying that reports by some UN observers present the situation in Gorazde in an entirely different light. According to them, the situation is not serious and even less critical.

Considering this, the head of our mission to the United Nations was told to demand an urgent Security Council session and call attention to a possible manipulation of the Council by some of its officials, something that may be very dangerous for further development of the situation in Gorazde. It will be demanded for Gen. Rose to visit Gorazde without delay and establish the real situation on the spot. It was decided that Presidency President Alija Izetbegovic send letters to chiefs of a number of states in which he will acquaint them with the fact that the attacked region was proclaimed a security zone under UN protection by Resolution 824 of the Security Council.

In the opinion of the Presidency of the Republic of Bosnia-Herzegovina, the offensive on Gorazde, as well as some political games obviously linked with that offensive, may represent a form of pressure on our side to renounce its just and principled demands to be given back occupied territories. In any case, the attack on Gorazde and Bihac, as well as the continued ethnic cleansing in the Bosnian Krajina, are seriously endangering the peace process that has been started in the Republic of Bosnia-Herzegovina.

The Presidency is warning the public that all these sad facts in the field show that the war unfortunately is not over. The Presidency has been doing and will do everything in its power with a view to reaching a just peace as soon as possible. However, these efforts are obviously not met with good will by the opposite side that has started this war in the first place. Therefore, both our Army and our citizens must be ready for any contingency.

### UN on Gorazde, Prijedor

LD0504140194 Belgrade TANJUG in English 1332  
GMT 5 Apr 94

[“Pool” item]

[Text] Geneva, April 5 (TANJUG)—A spokesman for the U.N. High Commissioner for Refugees (UNHCR), Ron Redmond, said on Tuesday that the situation in the regions of Banja Luka and Prijedor (northern Bosnia-Herzegovina) has stabilized since last week but that UNHCR was concerned about the fierceness of fighting around Gorazde (eastern Bosnia-Herzegovina).

The tragic events in Prijedor (northwest Bosnian Serb Republic) which killed 16 civilians, mostly Moslems, between March 29 and April 1, broke out after the Moslem army delivered six massacred Serb bodies to the Prijedor authorities.

The representatives of the local authorities and the ruling Serb Democratic Party (SDS) strongly condemned these murders on Tuesday. The enquiry conducted so far showed that many persons had participated in the killings and that they were committed for gain, while the Prijedor police underscored that they would persist with solving of each particular case.

Redmond set out that UNHCR was concerned about the development of the situation in Gorazde where heavy fighting was going on, and said that according to the latest U.N. report from Gorazde no UNHCR convoy had been allowed to enter the town since March 22.

U.N. Security Council President Colin Keating said on Monday that UNPROFOR [UN Protection Forces] statements showed that the Moslems had provoked the latest fighting with Serbs in Gorazde.

The heavy Moslem offensive on Serb positions and villages was launched from Gorazde in late March, although the town should have been demilitarized as a U.N. protected area last spring. Over 10,000 Moslem troops are engaged in the operations.

After signing the Washington Agreement to form a Moslem-Croat Federation in Bosnia-Herzegovina in March, the Moslems launched an all-out offensive on the Bosnian Serb Republic in an attempt to gain as much territory as possible before the resumption of the peace talks.

### UN on Death Toll

AU0504203894 Paris AFP in English 2024 GMT 5 Apr 94

[Text] Sarajevo, April 5 (AFP)—Hundreds of refugees poured into Gorazde from neighbouring villages Tuesday as Serb forces pressed on with an offensive against the Moslem enclave in eastern Bosnia, the United Nations said.

According to UN High Commissioner for Refugees [UNHCR] spokesman Kris Janowski, 52 people have died and 249 had been wounded in the week-old offensive.

Radio Sarajevo put the toll even higher: at least 73 dead and over 300 injured.

Witnesses reported eight villages destroyed by Serb artillery in the southern part of the enclave, leaving some 1,500 people wandering around looking for shelter, the UN refugee agency said.

Major Rob Annink, a spokesman for the UN Protection Force [UNPROFOR] in Sarajevo, said Serb forces had penetrated eight to 10 kilometers (five to six miles) into the southern part of the enclave and were continuing their attacks on the northeast and southeast sectors.

There were conflicting reports on how far the Serbs were from Gorazde itself. Annink said they were 10 kilometers (six miles) away, but one military source speaking on condition of anonymity put them at just over three kilometers (two miles) from the southern suburbs of the town.

Bosnian President Alija Izetbegovic spoke by telephone with the U.S. Secretary of State Warren Christopher about the situation in Gorazde as well as with President Clinton's special envoy Charles Redman and UN special envoy Yasushi Akashi.

At the end of a special meeting, the Bosnian Presidency issued a statement informing the Bosnian Army and population that “they have to be ready for all contingencies.”

“The situation in Gorazde and Bihac (another besieged Moslem enclave, in northwestern Bosnia) as well as the ethnic cleansing are proof that, unfortunately, the war is not over,” the statement said.

The fighting in Gorazde and Bihac comes as ceasefires are generally holding in Sarajevo and central Bosnia.

Around 300 people marched in Sarajevo Tuesday to protest what they called the international community's indifference to Serb aggression.

### ‘Hurricane Artillery Attack’ Described

AU0604110194 Sarajevo Radio Bosnia-Herzegovina  
Network in Serbo-Croatian 1000 GMT 6 Apr 94

[Report by Mustafa Kurtovic from Gorazde]

[Text] As we are sending this report, the hurricane artillery attack that the aggressor launched this morning on the defense lines on the right bank of the Drina River is being extended on all lines of defense of the Gorazde defenders. In this attack the Chetniks are using the most destructive howitzer, mortar, and tank projectiles. The blood-soaked ground of the free Gorazde territory is trembling.

Members of the Army of Bosnia-Herzegovina under the command of the East Bosnian Operations Group and the units of the Ministry of Internal Affairs from Gorazde are still firmly holding their positions, expecting new attacks by the insane Serbo-Montenegrin infantry.

At the same time the aggressor is bringing fresh forces from the direction of Serbia and Herzegovina. Intelligence reports state that the aggressor has carried out a large concentrated of new armored-mechanized units in (?Premlje), and that it has a large number of new mercenaries from the army of the self-proclaimed Yugoslavia.

Fresh forces and hardware of the Herzegovina Corps are also concentrating in the Foca area. All this indicates that, by bringing fresh Chetniks, the aggressor intends to step up the offensive attacks on Gorazde.

The announced arrival of General Michael Rose, chief commander of the UN forces in Bosnia-Herzegovina, in Gorazde should and must bring about positive results in stopping further suffering of these people, and in the attitude of the international community toward Gorazde as a protected zone. The truth about Gorazde's suffering in the latest Chetnik offensive can be and is being confirmed by UN military observers and UNHCR representatives in Gorazde.

This is Mustafa Kurtovic reporting for the Radio and Television of Bosnia-Herzegovina from the Press Center of the Gorazde District.

#### **Serbs Halt Muslim Offensive**

*LD0504172594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1644 GMT 5 Apr 94*

[Excerpt] Cajnice, 5 Apr (TANJUG)—The army of the Srpska republic today halted the eight-day offensive by Muslim forces toward Cajnice, Foca, and Visegrad, and undertook a counteroffensive, the headquarters of the Herzegovina Corps announced this evening.

The same source says Muslim soldiers are withdrawing toward the Drina, where strong police forces, which are not allowing them to cross over to the left bank of this river, are waiting for them on all bridges.

The defeat of the Muslim forces was also admitted today by Ferid Buljbasic, commander of the eastern Bosnia corps, and he sought help from the international community.

At 0900 this morning, the headquarters of the Serb forces says, two NATO aircraft violated the air space of the Srpska republic throughout the whole area of the upper Drina valley at the impermissible altitude of 600 meters. If this happens again, the headquarters of the Serb army says, such aircraft will be shot down. [passage omitted]

#### **Serbs Suffer Heavy Losses**

*AU0604091694*

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 6 April carries within its regular 8-minute newscast several reports on the combat situation in the republic.

According to Gorazde correspondent Enes Murtovic, "the beginning of the ninth day of the latest and the fiercest offensive on Gorazde does not hold out hope that the Serbo-Montenegrins will easily give up their aim, which is to capture Gorazde. By capturing the town Slobodan Milosevic and Radovan Karadzic would round off the borders of the phantom Srpska republic, whose borders are marked with blood and [word indistinct] of innocent people from this region. Last night the aggressor fiercely attacked Borova and (?Gosun) with all available means from the direction of Ustipraca. Dobrijevi and Razalice were attacked from Mesici. After fierce fighting and after inflicting heavy losses on the aggressor, the defenders of Gorazde repelled several infantry attacks by the Chetniks between Ustipraca and Mesici."

Murtovic also reports that "this morning the Chetniks have continued their fierce attacks in the Gorazde area. All the front lines of the Gorazde defenders between Foca, Cajnice, Ustipraca, and Rogatica are being targeted. The Gorazde city center was spared destructive shells this morning, probably because General Michael Rose, commander of UNPROFOR [UN Protection Forces], is expected to arrive here."

Bihac correspondent Mirza Sadikovic reports that "since last night, Karadzic's terrorists have continued their artillery attacks in the Bihac region. The target of their artillery and tanks deployed in Grabez are Bihac and [words indistinct] surrounding area. Civilians and civilian houses, as well as vital communications, are again being targeted."

The correspondent also says that "on the front lines facing the paramilitary formations of the so-called Kladsa autonomous region, small arms provocations and the shelling of the Cajnici area and Krivaja in the Cazin commune have continued."

According to a correspondent from the free territory of Brcko, "the Serbian aggressor has continued shelling the defense lines and regrouping his forces. Last night, the Chetniks attacked the central part of the Brcko defense lines with 60-mm and 82-mm mortars and portable rocket launchers."

#### **Crowded Hospitals Reported**

*AU0504151494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 5 Apr 94*

[Enes Musovic report from Gorazde]

[Text] This is the eighth day that the Chetniks have been furiously attacking the free Gorazde territory. Their shells, like the whirlwind—which is the name of the latest Chetnik offensive on the Gorazde territory—have been claiming human lives almost every hour. There are hundreds of wounded people. Streams of blood and tears are literally pouring down the streets of Gorazde and the surrounding villages. The Drina River valley is resounding to the sound of explosions of destructive shells of the largest calibers [words indistinct] murdered, mutilated, and forlorn. Terror can again be seen on the faces of the survivors.

Distress, tears, cries can be heard in the war hospital in Gorazde. The rooms and corridors in medical institutions are crowded. Additional facilities in the village and

communal areas are also packed as the wounded keep arriving. Some 30 seriously wounded are ready for evacuation, two of them are urgent cases. Two surgeons, one anesthetist, and one anesthesiologist from the Med-icins sans Frontieres, with the few but always present local doctors and medical staff have been doing miracles. Many lives have been saved even with the minimal conditions that exist in the Gorazde hospitals. There is no adequate medical equipment, not enough medicine, no sanitary material, no water, but there are many volunteers giving blood who have done a lot so far. One should say that the medical staff, although few in numbers, has been deployed in all the field hospitals and are with the brave Gorazde defenders on the most prominent positions facing the cutthroats of the aggressor's army.

**UN Says Both Sides Respecting Cease-Fire***AU0504131294 Paris AFP in English 1245 GMT  
5 Apr 94*

[Article by Michel Viatteau]

[Text] Knin, Croatia, April 5 (AFP)—Both separatist Serb forces and Croatian troops were respecting Tuesday [5 April] a day-old ceasefire in the breakaway republic of Krajina, UN Protection Force [UNPROFOR] officials said here.

UNPROFOR's Colonel George Oehring, who visited the area Monday, when the truce began, said the withdrawal of heavy weapons had almost been completed ahead of the Tuesday morning deadline set for this pullout.

"The withdrawal of weapons occurred and is still occurring. Most importantly, we had guns silent this night, first time since last September," said the Canadian officer, the UN military commander for the area.

According to the agreement which took effect Monday morning, Croatian army forces and secessionist Serbs had until 0700 GMT Tuesday to withdraw all their heavy weapons from an agreed area.

The ceasefire accord between the two sides was reached last month after negotiations at the Russian embassy in Zagreb, ending some two years of war in the region.

Oehring said Serb weapons still in the area near Licka were not completely withdrawn because of technical problems—the Serb separatist forces underestimated the amount of time it would take to move the weapons.

"The ceasefire is working, it is a cause for celebration," said Oehring. "Both sides are seriously following the agreement," he added.

By Friday, April 8, the two sides should have established a demilitarized zone two kilometers (1.2 miles) wide. UN forces will patrol this zone, Oehring said.

He confirmed that the Croat airport at Zadar-Zemunik, closed because of Serbian artillery fire, had been reopened to civilian flights. Regular flights from Zagreb to Split were to resume soon, he said.

Separately, UNPROFOR civilian affairs coordinator Enrique Aguilar and EU military observers' chief Jean-Pierre Thebault, said they hoped the two sides would meet in the next few weeks to discuss economic cooperation.

**2,000 Bosnians Lose Refugee Status***LD0504174394 Zagreb Radio Croatia Network in  
Serbo-Croatian 1700 GMT 5 Apr 94*

[Text] According to a decision by the government's Office for Displaced Persons and Refugees, on 1 April 1994 refugees from Mostar lost their refugee status in the Republic of Croatia and will have to leave hotels and holiday facilities in the areas of Ploce and the Makarska

riviera, the Ploce regional Office for Displaced Persons and Refugees has announced.

The majority of the 2,000 refugees from the Mostar area have been accommodated in hotels and other holiday facilities. Because of the Easter vacation, many learned about this decision too late to leave. Many whose homes have been destroyed have expressed concern about the decision because they have no home to return to.

**Krajina Officials Criticize U.S. Newspaper***LD0604124194 Belgrade TANJUG in English 1153  
GMT 6 Apr 94*

[Text] Belgrade, April 6 (TANJUG)—Officials of the Republic of Serb Krajina (RSK) have termed "sheer media ploy and distortion" the manner in which THE WASHINGTON POST has interpreted their statements.

RSK Foreign Minister Slobodan Jarcevic and Parliamentary Foreign Policy Committee Chairman Lazar Macura have said that their statements made to WASHINGTON POST's journalist John Pomfrit were "rephrased to suit the Croatian or possibly American view of things," and that "vital parts were omitted, ones which reflect the realistic positions of Serb politicians," the RSK news agency ISKRA said on Tuesday.

The U.S. daily said in an article in connection with the effectuation of the agreement on the cessation of hostilities between the RSK and Croatia on April 4 that the RSK was showing growing readiness, in exchange for broad autonomy, to agree to live together with Croats and be under Zagreb's sovereignty.

However, the RSK maintains that the ceasefire agreement in no way prejudices a political solution to the problem.

ISKRA quoted Jarcevic as saying that he had stated to THE WASHINGTON POST journalist that he would resign his post in the RSK government if the incredible was to happen and the Serb state was to agree to negotiate on autonomy, a federation or confederation with Croatia. THE WASHINGTON POST, however, interpreted Jarcevic as allegedly saying that he would be the first to return to Belgrade if the RSK was to lose its independence.

Macura, who stated that Krajina could be part of Croatia only if the big powers were to make Croatia be part of a new Yugoslavia and if Krajina was to have political autonomy in the new state, was interpreted in THE WASHINGTON POST as allegedly saying that the Krajina Serbs could live as citizens of Croatia if Croatia was to guarantee them equal rights.

The RSK was proclaimed in 1991 in response to Croatia's forcible secession from the then Yugoslav Federation and the attempts of Croatian authorities to deny the Serbs the status of a constituent people and reduce them to a national minority.

In mid-March this year, after three years of war and Croatia's four attempts to impose its authority in the RSK by means of force, the two sides signed an agreement on the cessation of hostilities.

**Gligorov on 'Partnership,' U.S. Interests**

AU0504161294 Skopje MILS-NEWS in English  
5 Apr 94

[Unattributed report: "Neither Military Bases Nor Accession"]

[Text] "Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] wishes to join the program 'Partnership for Peace,' since under the conditions of historical passion and grand appetites that have been ruling the Balkans, and Macedonia being a small country, it sees its security in this NATO program," said President Gligorov in his interview for Belgrade weekly EKONOMSKA POLITIKA. In his interview, Mr. Gligorov speaks extensively also of the Greek embargo, pointing out that its aim is for Macedonia to accept the conditions given by Athens, which leads to identity loss of a nation and to destabilization of the region. He rejects the thesis that the Americans want Macedonian military bases to be given up to them in compensation for \$1 million. He also decidedly rejects the thesis that Washington requests Macedonia to join any of the state creation that are being formed on the territory of former Yugoslavia.

**Increasing Obstacles to Trade With Slovenia**

LD0504151794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1218 GMT 5 Apr 94

[Excerpt] Ljubljana, 5 Mar (TANJUG)—The Ministry of Communications of The Former Yugoslav Republic of Macedonia [FYROM] has banned the Slovene company, Adria Airways, from transporting passengers and goods from the FYROM to third countries.

From today, Adria's aircraft may fly from the FYROM only on regular flights to Slovenia and back. Air crews are allowed to stay overnight in Skopje.

The FYROM is demanding from Slovenia the same conditions for its air passengers [sentence as received].

In a liberally minded way, Skopje and Ljubljana have until recently been promising great tolerance in reciprocal business and other contacts, especially in trade. Over the past few months, however, there have been an increasing number of obstacles to business between the two economies with each wanting to make a profit off of the other. [passage omitted]

**People's Party Demands Kucan's Resignation**

*AU0504155994 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 5 Apr 94*

[Text] A public statement issued by the Slovene People's Party demands a debate on the responsibility of the state president [Milan Kucan] for the situation in Slovenia and his withdrawal, a State Chamber vote of no-confidence in the government, and early parliamentary and presidential elections. They demand this because of impossible conditions in the country due to an ever-increasing disaster among the Slovene people and the alienation of the authorities.

**Hunger-Strikers Demand Resignation**

*AU0504160094 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 5 Apr 94*

[Text] The group of seven Slovene citizens is still on hunger strike at the Cankar Hall in Ljubljana. They claim that they will continue insisting that President Milan Kucan resigns and that the authorities hold early elections.

Four of the people are employed and have taken regular annual leave for the time during the strike. Talking with one of the strikers, Jernej Jung, we learned that they were visited today by representatives of the Red Cross, Janez Jansa, and Marjan Podobnik. The strikers are visited regularly by doctors. According to the strikers themselves, their health is satisfactory so far.

**Drnovsek Seeking Replacement of Labor Minister**

*AU0504140294 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 5 Apr 94*

[Text] In his letter to State Chamber Chairman Herman Rigelnik, Prime Minister Dr. Janez Drnovsek proposed that the State Chamber discuss relieving Jozica Puhar, minister of labor, family and social welfare of her duty and appointing Rena Klinar to that duty at its April session. In his letter to Herman Rigelnik, Prime Minister Drnovsek also said that he has no intention of withdrawing his proposal to replace Minister Puhar.

**Economic Agreement Concluded With Hungary**

*LD0604114794 Budapest Kossuth Radio Network in Hungarian 1000 GMT 6 Apr 94*

[Excerpts] [Announcer] A trade agreement was concluded between Slovenia and Hungary. Kata Peli Nagy reports from Ljubljana:

[Peli Nagy] In six years time, Hungary and Slovenia will trade industrial products without customs duty and other trade obstacles. Although the agreement will come to force on 1 June, the process of dismantling customs levies will take place gradually. [passage omitted]

Through this agreement, which was signed about an hour ago by Bela Kadar, minister of international economic relations, and Slovenian Deputy Prime Minister Davorin Kracun in the government office in Ljubljana, an unhampered economic cooperation was established between the two countries. [passage omitted]

During the two years of its independence, Slovenia has increased its trade with Hungary by 20 percent. [passage omitted] The value of Slovenian exports to Hungary last year was \$62 million and Hungary's exports to Slovenia was \$139 million. [passage omitted]

### Federal

#### UN Troops 'Illegally' Cross FRY Border

LD0504182094 Belgrade TANJUG in English 1732  
GMT 5 Apr 94

[Text] Belgrade, April 5 (TANJUG)—Two members of the civilian police and three armoured personnel carriers of the U.N. Protection Force (UNPROFOR) stationed in the former Yugoslav Republic of Macedonia (FYROM) on Monday [4 April] twice violated the territory of Yugoslavia (Serbia/Montenegro), the Yugoslav Army said in a statement on Tuesday.

Around noon on Monday, two UNPROFOR civilian policemen and a local interpreter illegally entered three kilometres into Yugoslav territory in a motor vehicle, the statement said.

Because of the illegal entry to Yugoslavia, they were taken to the Slavujevac border post to explain the reasons of their presence there.

Around 2:30 p.m. on the same day, three UNPROFOR armoured personnel carriers [APC] illegally entered 300 metres into Yugoslav territory, the statement said and added that the APCs returned to their base in FYROM after an energetic action of Yugoslav border guards.

This is the second time this year that the U.N. peacekeepers deployed in FYROM have violated Yugoslavia's territorial integrity.

In mid-January, two U.N. APCs manned with two U.S. and three Norwegian soldiers illegally penetrated 500 metres deep into Yugoslavia, also close to the Slavujevac border post.

About 800 U.N. peacekeepers, mainly from the United States, were deployed last year in FYROM which unilaterally seceded from the former Yugoslav Federation in 1991, to protect the newly-formed state from an alleged threat coming from its northern neighbour Yugoslavia.

The U.N. commander in FYROM said in his reports to the U.N. secretary-general, however, that no danger is coming from the north and that the Yugoslav-Macedonian border is calm and stable.

Some opposition parties in FYROM have urged Skopje to deny hospitality to the U.S. troops "because their presence has brought nothing good to any nation in the world: They brought neither peace nor calm, but only the loss of sovereignty, war, death, drugs and other troubles."

#### FRY Army Arrests Three

LD0504143294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1239 GMT 5 Apr 94

[Text] Belgrade, 5 Apr (TANJUG)—Around 1115 hours yesterday morning Yugoslav Army border guards arrested three persons belonging to the UNPROFOR

[UN Protection Forces] civilian police in the village of Slavujevac, three kilometers away from the border between the Federal Republic of Yugoslavia [FRY] and The Former Yugoslav Republic of Macedonia [FYROM], because they had crossed the border without authorization, the information service of the Yugoslav Army General Staff says in a statement issued today.

Two policemen and a female interpreter who illegally crossed the state border in a motorized vehicle were kept in the Slavujevac watchtower where they were questioned about their motives and reasons for crossing into FRY territory. Around 1430 hours three UNPROFOR armoured personnel carriers entered 300 meters into FRY territory. Following an energetic action by Yugoslav Army border guards, the armored personnel carriers were returned to their base on FYROM territory, the statement says.

### Kosovo

#### Serb Police Raid 30 Albanian Homes

AU0504210394 Tirana TVSH Television Network in Albanian 1800 GMT 5 Apr 94

[Text] A new wave of Serbian repression in Kosova. Deputies of the parliament of the Republic of Kosova have recently been targets of police expeditions. For more, our correspondent Sherif Konjufca:

[Konjufca] During the last week alone, 30 Albanian families were raided in the Kallamoc, Serpeve, Drenoc, Karashnik villages of the Malisheve commune. Among those raided was the house of Agim Bytyci, deputy of the parliament of Kosova. Gani Krasniqi, another deputy from this commune, a former prisoner of conscience for many years, and the chairman of the Communal Council for Finance, was among many who were maltreated.

The Serbian police behaved with brutality everywhere. On this occasion, the police damaged the houses and savings of the raided families and confiscated the passports and other documents of numerous inhabitants.

The police undertook similar actions in many localities in Ferizaj, in Prishtina, Suhareke, Obilisht, as well as against casual passers-by on the roads of Kosova.

Another form of Serbian repression against the Albanians, through which the ethnic cleansing of Kosova is carried out, is the seizure of Albanian homes. Dr. Bardhyl Caushi, professor of the Prishtina University and chairman of the Kosova Jurists' Independent Association, was added to the great number of those whose homes were seized.

At the same time, as reported by the BUJKU newspaper, a Serbian Army unit has been stationed in Mulliq village, in the border area between Kosova and Albania. This unit is causing great problems for pupils and inhabitants of the Potok village.

On the other hand, the militant Serbian Association of Bozhur asked the Serbian highest authorities to send an official note to Albania, informing that allegedly 280,000 Albanian nationals and an even greater number of their followers live on Serbian territory.

#### **Ethnic Albanians Accused of Training in Albania**

*LD0504144394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1114 GMT 5 Apr 94*

[Excerpts] Pristina, 5 Apr (TANJUG)—The public prosecutor's office in Pristina today requested the district court to begin an investigation into the activities of six ethnic Albanians charged with undergoing military training in Albania for several months and with preparing to join Albanian paramilitary units in Kosovo and Metohija with the objective of forcefully seceding from the Republic of Serbia and the Federal Republic of Yugoslavia and joining with Albania. [passage omitted] They have all been remanded in custody.

For several months during 1992 and 1993, the group took part in military training in the village of (Ljabinot Fus), near Elbasan [in Albania], organized by the Tirana office of the self-proclaimed "government" of the phantom "Republic of Kosovo."

Albanian Army officers organized military training for the arrested group, in addition to a large number of other persons of the Albanian national minority from the

Federal Republic of Yugoslavia and The Former Yugoslav Republic of Macedonia. They were trained how to handle all sorts of infantry weapons, armored vehicles, tanks, explosive devices, and how to carry out sabotage actions.

Having completed their training, these future members of the paramilitary formations of the Albanian separatist movement in Kosovo signed declarations saying they would, immediately upon receiving call-ups and after the break up of armed clashes between ethnic-Albanians and Serbs, report to the barracks where they were trained.

According to a statement by the deputy district public prosecutor in Pristina, Jovica Jovanovic, representatives of an "office" of the self-styled "Republic of Kosovo" in Tirana, Ali Alija, Mehmet Kraja, and Zumber Berisa, mediated the sending of this group to be trained in Albania. They subsequently visited them in the training center and instructed them on the goals of these activities.

One of the arrested, Nedzmedin Sadriju, completed his intelligence training which is being carried out in the Albanian center of Ljac.

Our bodies of prosecution, Prosecutor Jovanovic says, are in possession of indisputable details about several dozen ethnic-Albanians from Kosovo and Metohija who completed military training in Albania. A group of eight people who were arrested and sentenced in mid-1992, after completing their military training in the village of Surela near Tirana, smuggled into Kosovo and Metohija 74 automatic rifles with 14,000 bullets and a large quantity of military equipment. [passage omitted]